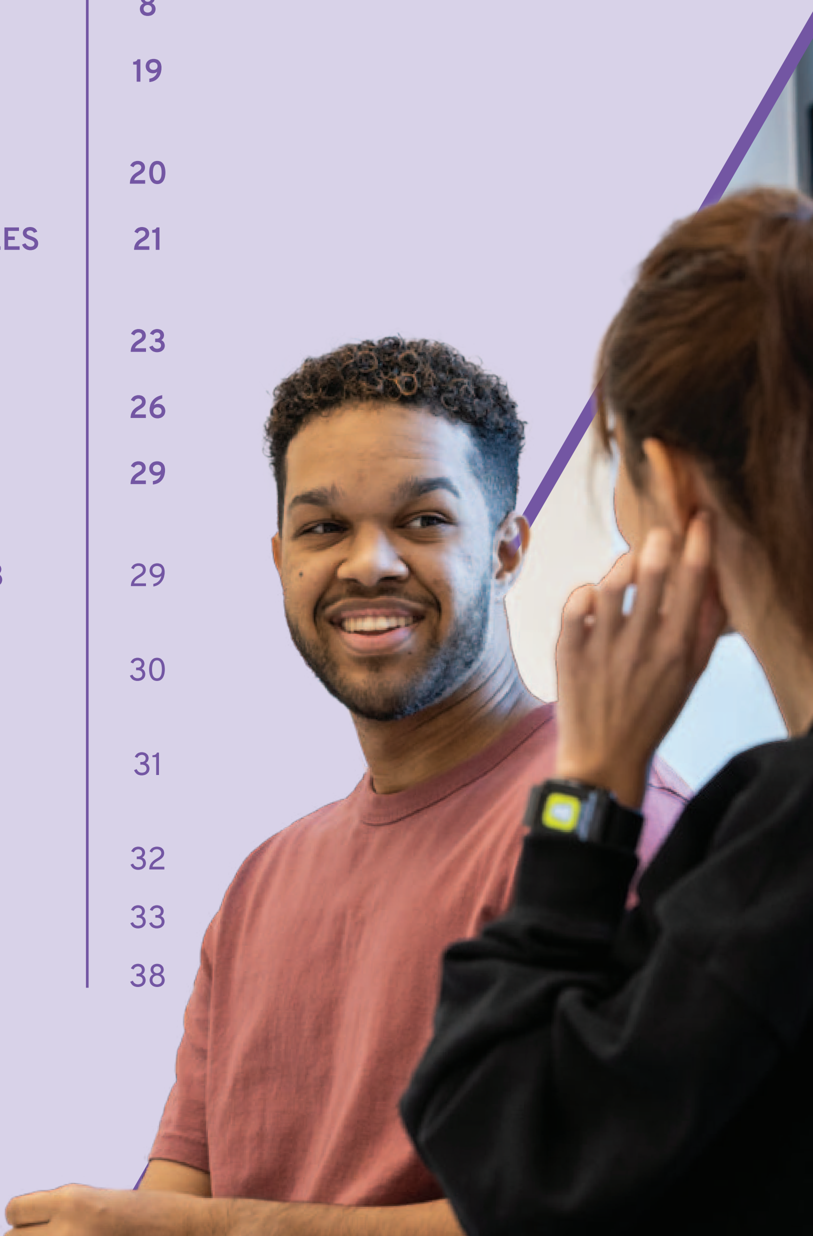
2023

University of Kent

ANNUAL REVIEW AND FINANCIAL STATEMENTS

WE STAND FOR AMBITION.

CONTENTS



Introduction by the Vice-Chancellor and President

This year's accounts reflect a difficult twelve months in which the agility, creativity and fortitude of our students and staff has once again come to the fore as our sector responded to major financial challenges.

Our driving force at Kent is that we stand for ambition – putting students at the heart of everything we do and working together to create the knowledge that makes the world a better place. Throughout the year there have been countless examples of how our staff and students make this a reality despite the difficult financial circumstances being faced across the country.

Earlier in the year we launched our Right to Food initiative to address food inequalities across our campuses, in our region and through embedding sustainability within food systems. We opened the Parkinson's Centre for Integrated Therapy, combining new treatment methods with a holistic approach to personalised support, while our Youth Summit brought schools from across Kent together to explore the future of humanity. We also developed our bid to become a University of Sanctuary, reflecting an area of real strength at Kent.

Regionally, following successful funding bids, work began on our flagship multimedia Docking Station in Medway which will be a hub for the cultural and creative industries. We were also proud to be one of the signatories to a new Medway Civic Agreement, alongside key parties leading the redevelopment of the region.

Research remains a real strength at Kent, with a number of new findings throughout the year. A report on the hidden crisis of rural homelessness attracted widespread comment leading to tangible policy recommendations, while the world's media followed our scientists searching cathedral roofs for micrometeorites. We continue to support the Port of Dover with developing next-generation technological solutions to support their work, while our innovative Walking With Ghosts installation at Folkestone Harbour Arm brought thousands to a poignant exhibition remembering the victims of war.

Closer to home, our student community continued to show their talent and resilience. The cost of living crisis hit our community hard, with reports from around the country on the impact rising costs were having on young people. I'm proud of the way that we pulled together to address this, along with Kent Union – introducing new initiatives to help those who are struggling to cover costs, from a very successful £3 meal offer to additional emergency support funds. As always, our students showcase the best of our University and they are a constant inspiration to all of us.

Rising costs have also, of course, had a wider impact. With the government's student tuition fee level remaining fixed, high inflation and energy costs have meant all of us have had to adapt and make difficult financial decisions. Student retention was also a concern as universities adapt to the post-Covid world. We have worked together to address this but it will need to be a continuing focus, with these accounts reflecting a joint effort across teams as we manage our response and ensure our future sustainability.

Universities more generally are having to think about how they operate, exploring different modes of delivery and what our priorities should be as we look to the future. All of us make an enormous contribution across society, especially in the regions we support where we are a vital part of the economy; however standing still in the current climate is not an option.

As we look to the year ahead, we have begun work on what will be a transformative university strategy, reimagining what we do so we are truly student-centred – with a portfolio that matches future student demand, closer links with industry and outstanding teaching inspired by areas of research excellence.

I look forward to working with students, staff and external stakeholders on this throughout the year as we face into generational issues as a sector with determination and real ambition for what we can achieve together. My thanks also to all of you for your fantastic work and continued support this year.

Professor Karen Cox
Vice-Chancellor
and President

Highlights of the year

The University of Kent is an exempt charity regulated by the Office for Students (OfS). 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 have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. They also refer to the guidance issued by the Office for Students in its role as principal regulator.

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

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

Celebrating our students

This year saw the full return to in-person teaching across our courses, with the increased activity across our classrooms and laboratories a real highlight following years of disruption.

This was accompanied by the full return of in-person exams, a first for some students whose later school years were dominated by the pandemic – a real team effort helped prepare for this and ensure both our usual operation returned in full and that students were supported and given appropriate guidance throughout.

Returning to more traditional teaching environments continues to be accompanied by a forward-thinking approach, always focused on what gives the best combination of life-changing education while embracing newer methods that keep abreast of how students want to learn. Aspects of online delivery where it works well and a more flexible approach more generally remain important areas for us, while we are learning together with students about how transformative AI will be in the years ahead. We have also made improvements in key strategic areas, with improved teaching space for Computing and new specialist lab equipment supported by funding from the OfS.

All of this has also come with its challenges as, like many, we have had to address issues with student retention driven by the rising cost of living. Alongside numerous schemes to directly help students manage costs, this year we also launched Nexus, our on-campus help point intended to integrate and improve how students can access advice and support. Following a successful pilot, this is now being scaled up both physically and online and will be central to how support students into the future.

Listening to our students and staying ahead of latest education trends is critical to what we offer, with a number of major changes to our education offer planned as we prepare for our next strategy. Work is underway to reshape our academic year structure so that students have greater flexibility in how they integrate study with the rest of their lives, while we are looking into more and better ways to embed employability throughout our courses. As well as more authentic assessment based on the areas of work students may be entering, we are building closer links to industry and ensuring we equip ourselves to support regional and national workforce demand. We are determined to ensure students are at the heart of everything we do, driving our decisions and shaping our activity as we look to the years ahead.

Making the world a better place

Our research changes lives. It protects the environment, influences policy, solves problems for businesses and supports the most vulnerable. Across the last year we have continued to see outstanding research flourishing across our community with multiple new findings throughout the year that showcase the real-world impact delivered through our work.

Our recent Research Excellence Framework success is being built on through targeted areas which bring together expertise across disciplines, focussing on global challenges where we can make a difference:

- Creativity, Culture and Heritage
- CyberSecurity, Digital Technology and Communication
- Health, Social Care and Wellbeing
- Social Justice, Inequalities and Conflict
- Sustainability, Environment and Natural Resources

Across the year our researchers made waves throughout these areas, bringing their expertise to bear to create lasting societal impact. Successes included a new shock-absorbent material that can stop supersonic impacts, developed by two researchers at Kent and with the potential to revolutionise different sectors. New analysis of the 'motherhood penalty' was raised in the House of Lords, with the work showing how despite progress with gender pay gaps, women are no better off having a baby now than they were in the 1970s. A University of Kent report on behalf of a coalition of charities and housing associations highlighted a chronic hidden rural homelessness crisis across the country which is now receiving increased political attention. Groundbreaking work also continues in our labs to better understand the causes of hypertrophic cardiomyopathy, one of the biggest killers of young athletes.

Attracting investment and funding for new research and innovation activity remains vital to our work, with multi-million pound funding secured throughout the year for work looking at the impact of health and social care, worker wellbeing and the future of the welfare state. Cybersecurity also remains a growing area where we are getting increasing attention for expertise from across different areas. We are determined that our research has a tangible effect on the wider community we support, both here in Kent and through ambitious projects that create lasting real-world impact.

Start-up success

Emay is the owner and founder of Jehucal, a London-based clothing and accessories label making major waves in the fashion industry. He started the business in his second year at Kent, backed by one of our business start-up support initiatives.

"I switched my degree from business management to accounting, made notes in lectures and implemented them straightaway. Even now I'm still using my notes! I don't think my brand would have grown so quickly if I hadn't been at university – I met people from all over the world. You share ideas, meet someone who knows someone, and on it goes."

University of Kent International College

We pride ourselves on being a warm and welcoming environment for students from a diverse range of backgrounds. Throughout 2024 we have ambitious plans to build on this through a new on-campus International College, opened in partnership with Oxford International Education Group. This builds on almost 40 years of foundation programme delivery at Kent, opening up new routes for students to gain the skills and confidence needed to access Higher Education. UKIC will offer focussed academic learning and pastoral care, providing students with the best opportunity to successfully progress onto their chosen course of study.

> "We are proud of our international identity, with our new global engagement strategy setting out how we will build more and stronger links around the world. We're excited to launch the University of Kent International College to help boost inward investment to the region and mark the next era in expanding our international presence."

Professor Karen Cox
Vice-Chancellor and President

Unlocking the origins of the universe

The world's media descended on Canterbury this summer as two scientists from our School of Physics and Astronomy scaled the roofs of Canterbury and Rochester cathedrals to hunt down micrometeorites. These particles continuously rain down from space, with the samples of cosmic dust containing secrets that could reveal new information about how the universe took shape.

As well as analysing their findings in the coming months, Dr Penny Wozniakiewicz and Dr Matthias van Ginneken are now looking to expand their search to other ancient buildings across the UK – combining the vastness of human achievement with the wonders of the Universe.

> "These tiny particles give us an idea of the inventory of matter in the solar system. It may even be possible that cosmic dust supplied the building blocks of life on Earth. We'd love to build this into a citizen science project nationwide – even worldwide!"

Dr Penny Wozniakiewicz and Dr Matthias van Ginneken

Ambitious for our communities

We are hugely proud of our place within Kent and the work we do throughout the year to support people and projects across the region. Over the last year we have launched new initiatives intended to bring people together across communities and support regeneration across the county.

A central part of this is the new One Medway Charter, signed by eight organisations including Medway Council, Mid-Kent College and the three universities based at our shared campus near the Dockyard. As a co-signatory we are committed to developing a shared action plan to create jobs, drive economic recovery and support progression into vocational and higher education.

The University's new Docking Station building, which will become a community hub for cultural and creative activity, will further cement this important progress in Medway.

We also launched our flagship Right to Food initiative, working with the Food Foundation to establish new activity to address food inequality within our campuses and across wider society. Alongside this, multiple events took place across the year to bring campus and community closer together, with our annual Kent Giving Week raising money for students facing hardship and a series of talks, tasting events and guided walks to mark Refugee Week. Our first Youth Summit brought over 700 secondary school children from across Kent and Medway together for a three-day festival of inspiration with funding from Kent County Council. This was designed to give young people a voice and a platform, with a series of debates and discussions informing a youth manifesto for local politicians.

Further activity also took place throughout the year to support our application to become a University of Sanctuary including Kent Law Clinic students giving legal advice to asylum seekers based at Napier Barracks, in collaboration with local charities.

We stand for the Right to Food

All of us have the right to healthy and affordable food. This year we launched our ambition to become the world's first Right to Food University, working with national charity the Food Foundation to support regional and national change in how food is produced, distributed and eaten.

The Right to Food project brings together on-campus initiatives and research-led activity to make improvements across food production and improve access to sustainable food. From tackling food inequality to transforming food systems, different areas of activity at Kent are coming together to make a meaningful difference – touching on everything from student-led volunteering initiatives to reduce food waste to multi-million pound research projects to explore the use of robotics in fruit production.

> "Farming and food production are the grassroots of sustainability – farmers are passionate about the land, the crops, the animals. You can walk away from this project knowing that you have made a real impact on many lives."

Raphael Mutu
Student leader of the Kent Gleaning Collective, which collects leftover crops from farmers' fields and redistributes then via food banks and charities.

A new hub for digital creative industries

Heritage space at the Historic Dockyard in Chatham is set be transformed into a new futuristic facility over the next year as work begins on the Docking Station, the University's groundbreaking hub for the creative industries. The project will convert a Grade II listed building into a new digital facility, with high-tech studios, exhibition spaces, teaching areas and resource for local digital and creative start-ups.

The Docking Station will place creative and cultural industries at the heart of Medway's regeneration plans, harnessing the power of immersive digital technology to open up new possibilities for young people and the communities of Kent and Medway. The University's Institute for Cultural and Creative Industries is leading the plans for the new site, which will become a flagship part of our offer.

> "We're so excited to be getting started on the build now so that we can make a real difference to Medway. Docking Station will provide new ways for young people to gain digital skills, create rewarding jobs in high-value creative and cultural sectors and be a space for the University, community and industry to come together."

Professor Catherine Richardson
Director of iCCi

Shaping industry conversations

As institutions around the world invest more and more in protecting against cyber attacks, research from Kent has led to an award-winning set of guidelines for universities in how to manage their incident response. The Cyber Incident Communications Toolkit was launched this year, based on work linked to our Institute for Cybersecurity for Society which brings together real-world case studies and a systematic literature review.

Adopted by the Universities and Colleges Information Systems Association, which connects IT departments across the country, the Framework supports institutions in providing effective and coordinated communications with students, staff, funders and other key groups following an attack. Its success is also now attracting interest from wider industries as our influence in this important area continues to grow.

FINANCIAL AND STRATEGIC REPORT

Financial highlights for the year to 31 July 2023

Financial performance and investment:

	2022/23	2021/22	Movement
Total comprehensive (expenditure)/income	£4.9m	(£65.4m)	↑ £70.3m
as % total income	1.8%	(25.1%)	
Underlying financial performance (see financial performance)	**(£12.0m)**	**(£15.3m)**	↑ £3.4m
Adjusted Net Operating Cashflow (ANOC)[1]	£11.4m	£1.4m	↑ £10.0m
as % total income	4.2%	0.5%	
Total income	£271.3m	£260.4m	↑ £10.9m (+4.2%)
Tuition fee income	£157.0m	£159.4m	↓£2.4m (-1.5%)
Residences and catering income	£41.4m	£37.7m	↑ £3.6m (+9.8%)
Staff expenditure for the year[2]	£156.9m	£150.2m	↑ £6.6m (+4.4%)
as % total income	57.8%	57.7%	
Capital expenditure	£11.7m	£10.1m	↑ £1.6m

Liquidity, debt and financial viability:

	2022/23	2021/22
Current asset ratio[3]	0.64	0.86
'Available cash reserves'[4] as days' expenditure	34 days	45 days
Net debt (Outstanding loans less cash held)	£68.5m	£70.9m
Net assets (including impact of increase in pension provision related to 2020 USS Valuation)	£209.0m	£204.1m

1 A measure of cash received in the year that could be used to meet future commitments, (Net cash inflow from operating activities plus cash received from investment & endowments, less interest paid on borrowing).
2 Total staff costs less the movements in provisions for pension deficit recovery plans and redundancy payments in relation to restructuring schemes.
3 A liquidity measure of ability to pay short term debts, calculated as the ratio between current assets and current liabilities.
4 Measured as cash in hand, short-term deposits and 90% of the market value of current asset investments.

Summary of the year

This year has been particularly challenging and whilst there were some early signs of a return to regular levels of activity on campus fresh financial headwinds have continued to place additional strain on the University. Whilst the operational performance is £3.4m improved on 2021/22, the University still delivered a significant underlying deficit of just over £12m. Cost of living pressures have impacted our students, resulting in an unexpected downturn in the number of students returning to complete their studies after the Summer 2022 break. This, coupled with ongoing fierce competition for new students, resulted in a year-on-year fall in student income of £2.4m, and a shortfall against budgeted income for the year of £13.2m. Cost reduction measures were introduced to help recover the position but global pressure on input prices, particularly resulting from the Ukraine war, meant that in some areas we were faced with cost increases that could not be contained or reduced, particularly in our energy costs and IT licences. The increase in our non-pay spend in the year was kept at a managed level of only £0.7m. Staff costs rose more significantly, by £5.8m, as a result of annual pay awards and incrementation, rising pension contribution rates and filling of vacancies.

The University acknowledges that it can't continue operating in a deficit position and as part of the University's ongoing drive to ensure financial sustainability, work has been accelerated and enhanced, with the support of specialist advisers, to identify further opportunities to deliver efficiencies and to target areas of income growth. During the year a major initiative to reduce the costs and burden of administration across our professional services by 10% (£6m) was launched with a phased implementation through the year and into 23/24, as well as a voluntary severance scheme and a reduction in headcount in the Division of Arts and Humanities to right size for student demand trends. The decision was also taken to close the University's Brussels campus from 2024 as a result of declining student numbers while looking to maintain our European engagement in new ways.

The statutory reported performance for the year is a surplus of £4.9m, but this includes a partial unwinding (£16.1m) of last year's increase to the deficit provision relating to the finalisation of the 2020 actuarial valuation for the Universities Superannuation Scheme (USS). This partial unwinding is largely due to improved interest rates compared to this time last year, which reduces the overall value of the provision. Similar surpluses will be reported across the sector in other institutions that have a high membership in this scheme, and it has no impact on cash balances or performance against lender covenants. Excluding this exceptional item there was a deficit of £11.2m from operations for the year, which is worse than the budget set for the year (-£5.7m). In line with this, underlying financial performance as adjusted for capital grants, pension provision releases and redundancy costs was a deficit of £12m. Much of this adverse variance was as a result of the shortfall in tuition fee income mentioned above; however this result also includes significant costs in relation to major business transformation work (£2m), plus redundancy payment costs of £4.1m, mainly related to the consolidation of professional support service delivery.

Cash balances fell by £6.5m during the year, largely due to the reported deficit from operations, as well as essential capital expenditure and scheduled loan repayments. This has resulted in a year-end cash balance of £24.0m, equivalent to 34 days of expenditure, below the University's financial framework minimum threshold of 40 days, but slightly ahead of our budgeted year-end position. Our balance sheet strength has however reduced, with a current asset ratio of 0.64, lower than last year, and reflecting the operating challenges being faced at this time.

Looking forward, Kent has embarked on a major programme of renewal and transformation, known as 'Kent 2030'. This substantial programme of work will transform Kent and place it on a path to financial sustainability through targeted opportunities for student growth, alongside portfolio review and improvements in operating efficiency and service delivery. Kent 2030 seeks to ensure that Kent remains a leading destination for students and maintains vibrant world-leading research credentials. In parallel, we have achieved a refinancing from our lenders to provide financial headroom while this transformation takes effect and we are well progressed in securing further funding to finance the investment required to make the transformation.

For 2023/24 student retention levels have made a partial but significant recovery since 2022/23, with further targeted work and process improvements underway to ensure students can engage with their studies and seek help where they need it. Student recruitment has proved more challenging, particularly for international students, and particularly at postgraduate level. The current forecast for the year is that we will again make a deficit, of approximately £31m, including some one-off initial costs to commence the Kent 2030 transformation.

The University has reviewed its future outlook and the profile of risks it faces alongside its ability to mitigate these risks promptly to ensure banking covenants can be met. These risks include ongoing challenges with student recruitment, in an increasingly competitive sector, potentially higher levels of student attrition, the impact of inflation on costs, particularly energy and pay, and the potential slower progress in growing research and implementing savings initiatives. Taking all the above into account, and with the knowledge that further mitigating actions remain available in the event of further adverse circumstances, the Council considers that the University can comply with its lending covenants and has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date these accounts are approved.

Financial performance

The University has a reported statutory surplus for the year of £4.9m. However, this includes a partial unwinding of the pension provision as a result of the changes in discount rates, linked to improved investment performance. The deficit from operations of £11.2m is £5.5m worse than the budget for the year, largely due to lower than budgeted income from tuition fees, which were £5.4m lower than budget and £2.4m lower than last year. Spend budgets were reset to recover the shortfall through cost reduction measures wherever possible. While non-pay spend has been contained the reductions could not be made in full due to external cost pressures on particular essential services, which have proved challenging. The table below, shows the reported statutory surplus for the year, adjusted for the pension provision movement as well as a number of other non-operational, significant one-off items which, when excluded, show the underlying financial operational performance for the year.

The reconciliation of these two amounts is shown below:

	2022/23	2021/22	Change
	£000	£000	(%)
Total underlying income	**270,569**	259,230	↑4.4%
Total underlying expenditure	**(282,513)**	(274,512)	↑2.9%
Unrealised loss on investments	**(28)**	(64)	
Underlying financial operational performance	**(11,972)**	(15,346)	↑22.0%
In-year movements in pension scheme deficit provision (release against contributions paid plus finance cost)	**4,145**	4,041	
Cost of redundancy arising from major restructuring	**(4,080)**	(1,565)	
One-off capital grants and donations recognised in year	**730**	1,148	
Deficit from operations	**(11,177)**	(11,722)	
One-off movement in pension scheme deficit provision following completion of 2020 valuation & changes to discount rates	**16,087**	(54,616)	
Sale of tangible assets	**3**	963	
Statutory surplus / (deficit) for the financial year	**4,913**	(65,375)	

The underlying financial performance shown in the table, is a deficit equivalent to -4.4% of underlying income (2021/22: -5.9%). This is an improvement on 2021/22 as a result of the conclusion of a programme of one-off revenue investment spend; however, performance as measured by EBITDA of 5.1% remains below the 11% required level set in the University's Financial Framework, designed to ensure that sufficient cash is generated for the maintenance of the estate and new capital investment to meet the estates strategy. The associated Adjusted Net Operating Cashflow as a percentage of income (see Financial Highlights, earlier) of 4.2% (2021/22: 0.5%) also falls below our internal target of 9%, although it has improved since last year. The University is now set to embark on a transformation plan (entitled Kent 2030) to improve both financial sustainability and the offering to students.

Income

Total income increased by £10.9m (4.2%) in the year to £271.3m, with increases in most areas of income generation more than offsetting the reduction in tuition fees.

Income from tuition fees and education contracts decreased by £2.4m overall during the year. Recruitment of new students continues to be challenging with increasing competition for UK and International students affecting the in-year intake. We are also seeing the impact of the current cost of living crisis, as the number of returning students was significantly lower than expected, leading to a substantial shortfall in our budgeted tuition fee income for the year. Within this overall movement there was increased income from overseas students (+£5.3m), partly offsetting reductions of £6.9m from full-time home students and £1.0m from part-time students. In response to this, planned and ongoing work has accelerated to review the attractiveness of the academic offer and the success of various marketing initiatives and to improve student retention and engagement levels, notably through system improvements to better collect, report and respond to student attendance behaviour to focus support for our students throughout their studies.

Recurrent grants from Funding Councils were £4.5m higher than last year, largely due to additional investment in research priorities from Research England, including Postgraduate supervision, research culture and talent & stabilisation. The recurrent teaching grant has remained stable, with only a minor increase in funding (£0.1m) from the OfS. In addition, capital grants of £1.7m (2021/22: £2.1m) were received from the Office for Students (OfS) and Research England (RE) to support the provision of new and improved teaching and research facilities through the University's capital programme.

Income from Research Grants and Contracts increased by £0.8m (4.5%) in the year to £18.5m, despite a challenging and competitive environment for new awards. Income levels are expected to continue to increase in future years as the targeted growth strategy is implemented, with Research and Innovation growth forming one of the key pillars of the University Strategy. Income from consultancy and innovation grants and contracts of £5.1m is similar to last year. Work is on-going to monitor performance and ensure that the activity continues to grow in the future and is supported by a central team of staff supporting Research and Innovation work across all academic areas.

As noted above, income from Residences and Catering operations has improved again this year, with an overall increase of £3.6m during the year. Summer 2022 saw the first major conference activity following the restrictions of Covid-19, with the Church of England Lambeth Conference being held on the Canterbury Campus. Catering income has increased by £1.4m since last year as due to increased onsite activity levels and a new catering strategy aiming to provide more affordable meals for both students and staff. This has been coupled with an effective cost control programme in this area.

Income from all other activities has increased by £4.5m during the year to a total of £17.2m. This reflects the ongoing efforts to diversify our income generating activities, and also includes a one-off release of £2m of income collected in prior years but only meeting recognition criteria this year, as well as £0.7m in capital grants that has been put towards the early design and planning work for the Docking Station project at Medway. This exciting regeneration project aimed at delivering a world-leading centre of creative digital production, education and community engagement is expected to be wholly funded by external grants and donations, and will be ongoing for the next couple of years.

Expenditure

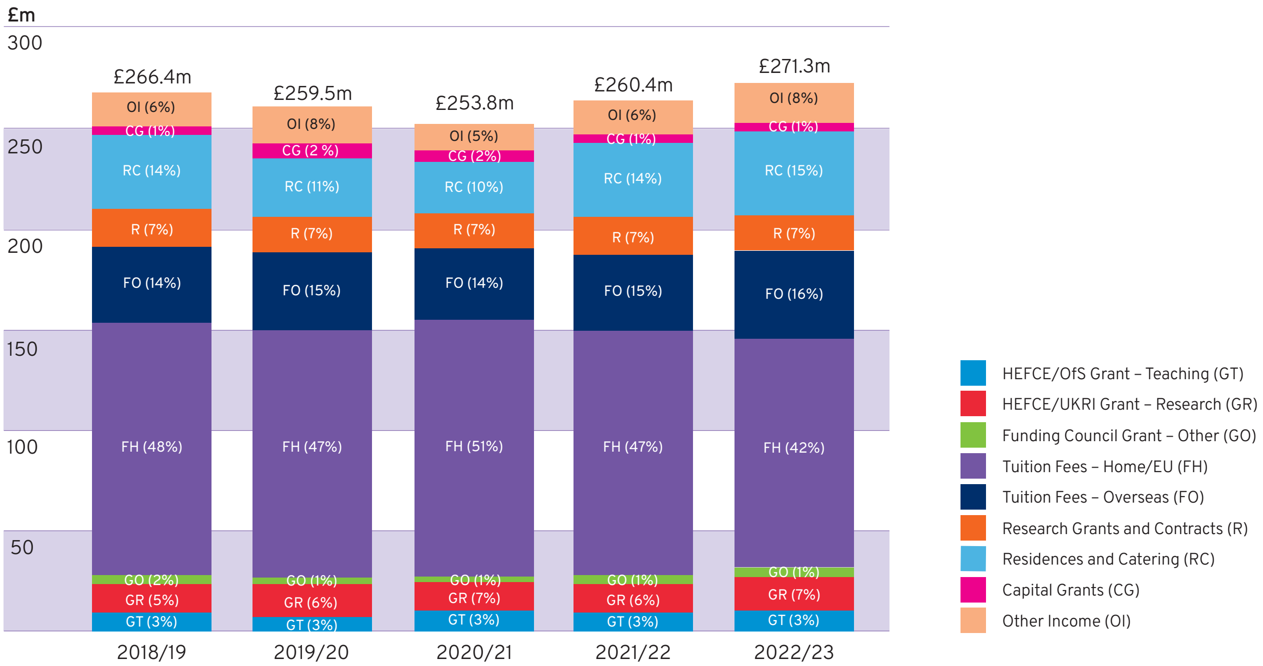
Staff pay expenditure, excluding exceptional costs relating to major restructuring and movements in the pension provision, increased by 4.0% in the year to £151.8m. Much of this was due to the national pay award of 3% paid from August 2022, which is higher than in previous years, in recognition of the impact on staff of the current level of inflation in the UK.

Total average staff numbers have risen during the year, with an increase of 178 (6.4%) Full Time Equivalents (FTE). This reversed some of the decreases seen over the past couple of years, which were partly due to a higher-than-normal level of vacant posts as departmental restructures were being completed. These vacancies are now being filled, particularly in our Academic Divisions, where pay costs have increased by £3.5m (4%) compared to last year.

The cost of pension contributions for staff remains high and has also continued to increase during the year, with employers' pension contributions for the Universities Superannuation Scheme (USS) at 21.6% during the year, having increased from 21.1% at the start of 2021/22, and contributions to the Superannuation of the University of London (SAUL) scheme increasing from 19% to 21% in January 2023 (See Note 30 for more details). SAUL did, however, launch their new SAUL Start Scheme in April 2023 which will be open to new members and will help reduce the overall cost to employees and employers of pension provision as well as reducing the ongoing risk attached to ensuring the sustainability and affordability of its defined benefit section of the scheme.

There is also a substantial and material one-off credit of £16.1m reported this year as the improved market conditions, and higher interest rates mean that the present value of future payments under the USS recovery plan has fallen, resulting in a reduction to the provision held on the University's balance sheet. Other movements in the provision include the annual release against contributions paid, plus other movements reflecting updated assumptions on pay inflation and staff number movements. The 2023 valuation of the scheme is currently being finalised, and the consultation suggests that the scheme will report a surplus. This is expected to mean that there will be no recovery plan required, and the provision would be released at that time.

Analysis of income 2018/19 – 2022/23



The consultation also currently proposes a reduction in the combined employee and employer contribution rate to 20.6% which, if agreed, will reduce the University's costs. There is no deficit recovery provision required for the Superannuation Arrangements of the Universities of London ('SAUL') pension scheme as it was in surplus at the last formal valuation point as at March 2020, adjusted for market improvement up to April 2021.

The University monitors its staff expenditure (excluding movements in pension provisions and costs of major restructuring) as a percentage of income, targeting an upper financial framework upper limit of 50% as part of its financial framework to ensure sustainability. During the year, this measure rose slightly from 57.7% to 57.8% as ongoing high levels of vacancies have largely offset the increased staff costs resulting from the national pay award of 3% and the increased pension contribution for SAUL members. During the year there was a review of the effectiveness and efficiency of our professional support services, and the decision was taken to centralise the majority of these support functions, with the intention of reducing overall resourcing levels while improving effectiveness of service delivery. This work, which was preceded by a voluntary severance scheme and also closed down a large number of existing vacancies, concluded in November 2023 and will lead to significant recurrent savings of up to £6m, commencing from August 2023. Anticipated increases in income and ongoing management of staff costs in future years as a result of the Kent 2030 Transformation Plan are expected to reduce the staff expenditure to income ratio further, with the eventual aim of returning to the targeted level of 50%.

Other Operating Expenses have increased by only £0.7m (0.7%) during the year to £98.8m as all areas were asked to reduce spend where possible in order to offset the unexpected shortfall to budget of tuition fee income and the high level of inflation currently being seen. In particular, the cost of utilities across all campuses increased by £2.2m (38%) compared to last year, but effective cost management across other services means that the overall cost of premises management only increased by £0.4m (2%). There have been a number of targeted efficiency initiatives led by the Procurement team, to ensure that the prices paid for goods are services are carefully managed, and work is on-going to ensure value for money in all areas.

Direct non-pay expenditure on running Academic Divisions has increased very slightly to £9.4m during the year, as price increases have been largely offset by careful management.

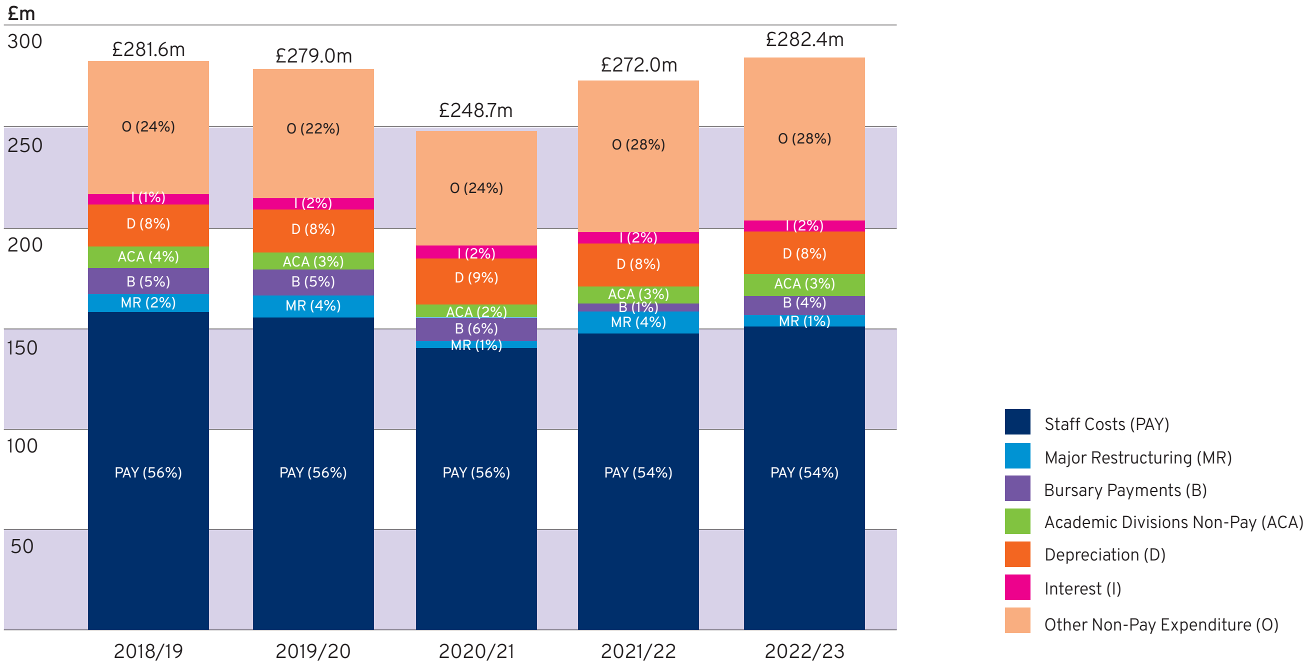
There has also been an overall reduction of £1.4m in bursary payments to students, as, with the ongoing financial sustainability pressures being seen across the sector, it has been necessary to target awards at those students most in need of support. Notwithstanding this, the total amount disbursed through scholarship and bursary payments to students remained significant at £10.2m, including those funded by Research grants, with a further £4.5m of fee waivers and discounts, aimed at improving student recruitment, which have been set against reported income from tuition fees. This reflects the continued commitment of the University to widening access to higher education.

Interest paid on borrowing has reduced by £0.8m during the year following the additional repayment of loan capital made in January 2022 following the improved performance for 2020/21. Further repayments were made at the end of this year in line with the agreement with Lenders. More detail on this is provided in the Balance Sheet section below. The finance cost arising from the unwinding of the provision for the USS deficit recovery plan is £0.9m, £0.6m higher than last year as a result of the increase to the provision last year. This should reduce again next year following the reduction in the provision at the end of this year as noted below.

Cash flow

Net cash received from Operating Activities during the year was £13.7m, an increase of £8.2m from 2021/22. This reflects the careful management of expenditure as described above but remains lower than its targeted level of cash generation as a result of the operating deficit reported in-year. Overall cash balances reduced by £6.5m during the year to £24.0m. The University monitors its available liquid reserves and aims to ensure cash levels held are equivalent to a minimum of 40 days'

Analysis of expenditure* 2018/19 – 2022/23



*Excluding movements to the pension provision arising from changes to the deficit recovery plan.

worth of expenditure, excluding depreciation, at any time; as at 31 July 2023 these liquid reserves represented around 34 days' expenditure (2022: 45 days), which is below this minimum level, but higher than the approved budgeted position for the year. At its lowest point, at the end of April, the value of liquid reserves held by the University fell to around 28 days' expenditure (April 2022: 40 days). This reduction in cash levels in April is due to the timing of UK/EU undergraduate tuition fee receipts from the Student Loans Company (SLC), with 50% of this annual income being received in the third week of May, although the University works to manage the impact of this income timeline by monitoring and managing levels of spend across the year as much as possible.

As at 31 July 2023 the University had net debt of £68.5m (2022: £70.9m) meaning that the cash and cash equivalents held were lower than the outstanding value of loans, although this has improved during the year. This is within the University's Financial Framework and financial covenants agreed with lenders.

Balance sheet

The University's Consolidated Balance Sheet position has improved during the year, largely due to the reduction of £16.1m in the pension provision for USS, which offsets the underlying operational deficit for the year. As at 31 July 2023, there were Net Assets of £209.0m (2022: £204.1m) and there is a net current liability of £30.3m (2022: £9.8m) resulting in a current asset ratio of 0.64 (2022: 0.86). This increase in net current liabilities is due to the operational deficit and scheduled loan capital repayments that were due within the coming year, in line with prevailing financing arrangements, although these have been amended, post year-end, by the refinancing agreement achieved with lenders in January 2024, as detailed in Note 18. Receivable balances have increased again during the year, by £0.7m, with an increase in outstanding balances relating to research grants and contracts (+£4.1m) being largely offset by a net reduction in student and commercial debtor balances (-£2.7m). However, within this net improvement, there has been an increase of £3.0m in gross student debt, reflecting the change in behaviour seen since Covid-19, and the ongoing economic uncertainty. Outstanding balances are being actively pursued and a new programme of engagement with current students to resolve fee payments is underway with effect from registration for the 2023/24 academic year. In response to this an additional provision for bad debt has been included within the Financial statements of £0.8m.

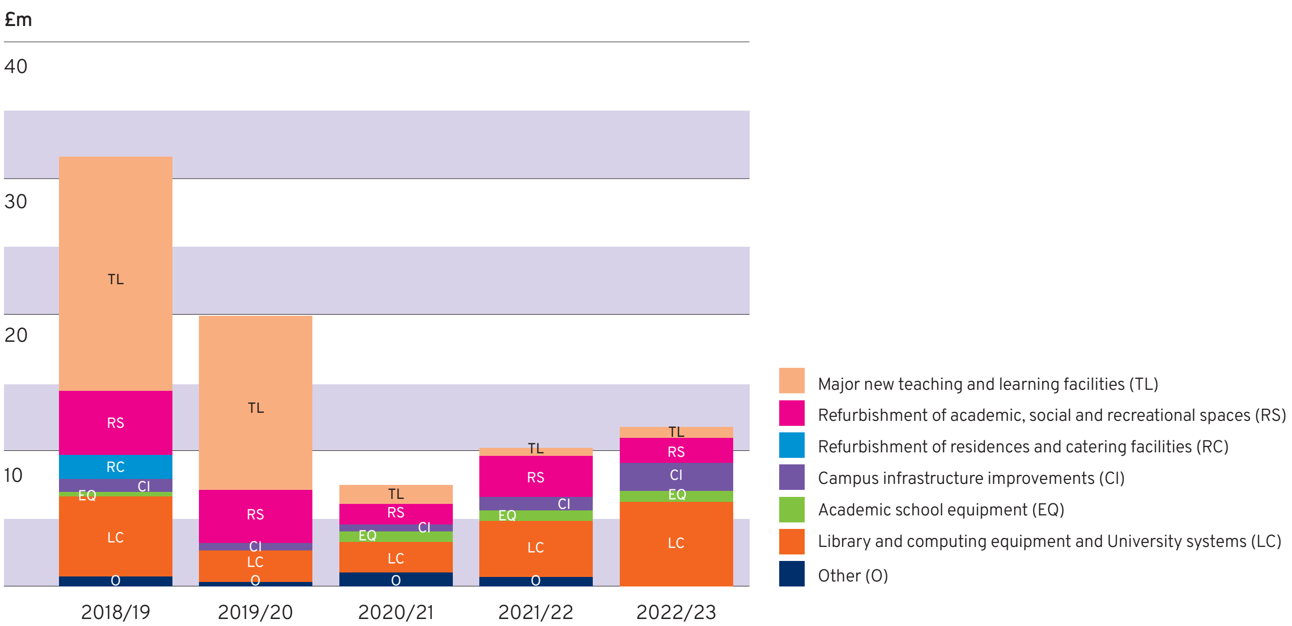
The University's Balance Sheet recognises a provision for USS at 31 July 2023. This provision decreased during the year by a net £20.2m, reflecting the in-year movement and the £16.1m year-end adjustment as a result of changes to discount rates, to £66.2m and reflects the present value of the increased employer contributions being made under the deficit recovery plan agreed on completion of the 2020 actuarial valuation. Further information on the pension schemes and their annual funding position can be found in Note 30 to the financial statements.

Capital expenditure and long-term borrowing

Capital expenditure has continued to be constrained in light of the continuing financial pressures and, with the exception of externally funded investment projects, is therefore being focused on ensuring compliance with Health & Safety regulations and addressing backlog maintenance or targeted in projects that aim to improve student experience or support future income generation. Overall, this expenditure amounted to £11.7m (2021/22: £10.1m), with £2.3m of this being funded from external grants and donations. This included upgrades to campus infrastructure (£2m), including electrical works and roof replacements; development of new teaching facilities (£1.1m); and the continuation of work to provide additional functionality and improved reporting from our new student data system as well as the development of other business information systems across the University (£3.9m). During the year planning and design work has begun on a major new development at Medway, the Docking Station, a project which is being run in partnership with Medway Council and the Chatham Historic Dockyard Trust, aiming to restore and regenerate the Police Section House, a derelict Scheduled Ancient Monument, to provide a centre for creative digital production, educations and community engagement; these capital works are expected to be wholly funded by external grants and donations. 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's Council in June 2023. Due to further expected challenges in income generation over the next few years, increased costs arising from increasing inflation, and the need to conserve cash, the associated capital funding strategy does not include any further borrowing and has been constrained, focusing only on developments that will enable academic growth, improve the staff and student experience as well as addressing

Capital expenditure 2018/19 – 2022/23



areas of backlog maintenance. As a result, the projected capital spend for the 5 year period from 2023/24 is just £62.6m compared to spend of £80.9m over the past 5 years, including the significantly reduced spend in 2020/21, and lower spend since that time. Our priorities during this time will be on enabling better and more efficient use of space to facilitate expansion in academic areas that are targeted for growth, enhancing the quality of the residential estate, as well as ensuring a safe and well-maintained campus at both Medway and Canterbury. We are also closely reviewing the ability of service partnerships to reduce the carbon impact of our estate and improve energy efficiency and generation, without a requirement for Kent to utilise capital funds.

Outstanding bank loan debt has decreased by £8.9m during the year, which is the first bullet repayment of previously deferred payments in line with the agreement with our Lenders. Since 31 July 2023, however, the University has refinanced its loan arrangements with lenders which has entailed that a proportion of the amount repaid in 2022/23 has been made available to assist the University. Further detail is given in Note 18. At the 2022/23 year-end overall borrowing levels stand at 34.1% of total income (2022: 38.9%), with the reduction due to both the reduction in outstanding balances and the increase in income during the year.

Risks, future outlook and going concern assessment

External environment and risks

The University, along with the wider UK Higher Education sector, has been experiencing a period of significant challenge, with strong global competition for students, exacerbated by UK Government policy which has affected overseas recruitment and particularly the demand for postgraduate study, and a general decline in demand in some subject areas, affecting its ability to recruit and grow its fee income. The UK Undergraduate tuition fee, originally set in 2012 at £9,000, has also been largely frozen for over a decade. Save for a minor uplift to £9,250 in 2017, it is now worth less than £6,500 at today's values but is the main source of income for the University, as it is for many other HEIs.

This effective decline in the value of the fee, combined with unprecedented high inflation on running costs, has given rise to challenging operating conditions for many HEIs during 2022/23, Kent included. Furthermore, higher than normal student attrition rates, likely due to post-pandemic learning, face-to-face exams and the cost-of-living crisis led to a drop in fee income for many HEIs and made the financial environment over this last year extremely challenging; Kent was no exception. Issues also arose in the collection of student debt, which for the first time lagged normal profiles, putting pressure on cash reserves at peak times.

The risks outlined above are those most significant to Kent. There are, of course, other risks and issues faced by the wider Higher Education sector that have persisted for some time and continue to be monitored and updated as further information becomes available. In particular, the increased compliance burdens that have been placed on the sector through the UK Visa and Immigration requirements, data reporting, Competition and Markets Authority guidance and requirements of the sector regulator, the Office for Students (OfS). This increased level of regulation adds an overall administrative burden, and operating cost, without leading to immediate tangible benefits to the student experience. At Kent these areas of regulation are monitored regularly. Our programme of risk management enhancement has identified areas in which further targeted investment may assist in demonstrating ongoing compliance and this work continues to be undertaken.

In response to these risks and challenges the University recognised that a bold and radical transformation plan would be required and, over this past year, has been receiving professional advice and working with its stakeholders to develop plans to secure its longer-term financial sustainability. Throughout the final quarter of 2023 and into this current financial year, our lenders agreed a package of support measures to allow the University the time to develop an overarching transformation plan, which was first presented to them in June 2023 and again in September 2023 before being extensively reviewed, challenged and sensitised by the Lenders' advisors until it was adopted as the financing case for new arrangements with our stakeholders in February 2024.

The University has therefore secured its financial position for the medium and longer term and taken a range of other measures, including releasing some assets, exploring partnership opportunities and agreeing all the elements of a transformation plan ('Kent 2030', discussed below) that focuses on the most appropriate size, shape, academic productivity, growth opportunities and operating model. It is through this plan that the University aims to achieve a trajectory to a financially sustainable platform, enabling it to successfully operate within this new, challenging, environment for Higher Education in the UK.

Future outlook

The Kent 2030 plan returns the University to a surplus performance by 2024/25 and to a sustainable operating position by 2027/28. It redevelops our academic strategy to focus on outstanding education and exceptional student experience, in areas that Kent is strong and can compete with peers and Russell Group institutions, alongside world-class research and innovation in strategic areas that drive global impact and reputation. It will improve our academic productivity and will modernise educational delivery as well as delivering further cost savings in our operations, through improving processes, technology and partnership working. Implementation of these changes, alongside a concentration on growth opportunities, both in the UK and overseas, will lead to a sustainable level of growth in our student fee income, enable our research and innovation income to increase to come into line with our peers and reduce our staff costs as a percentage of income. Furthermore, we will be seeking to crystallise value from our land holdings and wider asset base, as a means of funding future investment and reducing the level of debt that is outstanding with our lenders.

The University has also taken significant steps to strengthen its balance sheet, through a lease and leaseback of one of its student residences, together with a rescheduling of its existing debt repayment profile, with the next capital repayment falling due in March 2026. It has also arranged short-term working capital facilities which will be available in April-May 2024 and 2025 and August-October 2024 and 2025 respectively, helping to address the seasonal volatility in cashflows created by the current profiling of the Student Loan Company receipts of UK Undergraduate tuition fees. Together, these arrangements provide the funding platform, investment resources, financial resilience and time required to deliver the Kent 2030 plan and importantly return the University to a financially sustainable position.

Consequently, the University has approved plans that see a deficit of c£31m in this coming year, as it starts to incur the costs and investment associated with the development and implementation of this transformation plan, followed by a turn-around into surplus as the plan takes effect. Underlying operating performance is expected to improve marginally as a result of improved retention of students, back towards levels seen more typically from year-to-year; however, lower than planned recruitment of overseas students, particularly at a postgraduate degree level, has offset some of this improvement and further in-year savings have needed to be made against pay and non-pay budgets to preserve the projected outturn. As at 31 January 2024 and as a result of high levels of savings being made early in the financial year, the University's performance is ahead of budget to date by £4.5m and its cash balances are £6.0m ahead of profiled projections.

With a renewed and strengthened financial platform now having been established and funding in place for the transformation, the pace of activity will ramp up over the coming months and we would expect expenditure in the second half of this year to return to planned levels. Looking further ahead into 2024/25, the positive impact of this transformational change will start to be seen and it is projected that the University will, even by the second year of the plan, turn a small operating surplus.

Going concern statement

With the first six months' performance now delivered and in view of the renewed financing and funding facilities in place from 8 February 2024, the University's Council has undertaken its review of going concern, evaluating the ability of the University to withstand and respond to foreseeable financial risks whilst retaining an adequate buffer to address further risks. An essential part of this review has been to stress test key assumptions within the forecasts and consider the ability to mitigate adverse impacts on liquidity and compliance with financial covenants. The approach has been to assess the forecast baseline performance, as underpins the new financing arrangements, to consider a remote Plausible Worst-Case Scenario and, finally, to evaluate the support offered by available financial improvement measures to withstand further risk, a process known as Reverse Stress Testing.

The refinancing package agreed with the University's lenders has been based on a prudent projected financial performance and improvement trajectory, with sensitivities to the key risks built in, but with sufficient investment capacity to enable delivery of the transformation and a steady return to sustainability over the period to 2027/28. The Base Case of the University's Going Concern Assessment to July 2025 is derived from the first two years of this plan, during which time the University plans to move from a deficit performance to a modest surplus. Core to this plan and compared to 2023/24 forecast performance, is fee income growth of £5m, equivalent to a net increase in student numbers of 220, increased research contribution of £2m and targeted net cost savings of £18m. Key initiatives during this time include a series of activities to ensure that the courses with high potential to recruit students optimise their appeal and achieve growth, while reviewing the sustainability of the current portfolio. Work is also underway to improve processes and efficiency in our administrative structure and to organise professional services to best meet our needs. The plan makes allowance for substantial costs associated with the transformation. This gives rise to a more stable and resilient liquidity position, although at its lowest point in April 2024, this headroom is just over £2m, but with performance running ahead of the Base Case, this is not considered to be of concern. In 2024/25, minimum headroom in the current Base Case ranges from between £4m to £6m, dependent on time of year. In its preparation of the 2024/25 budget, the University will take steps to increase this headroom. Notwithstanding this, the protection of this headroom can, even against the stress tests applied, be managed using identified and available mitigation levers, albeit recognising the consequential operational challenges that this might bring.

The Plausible Worst-Case Scenario then considers other material risks that may push the Base Case off course, but that are considered less likely to occur than those risks already incorporated in the Base Case. This scenario includes some further drop-off in fee income of £1.5m over the remainder of 2023/24 and assumes student numbers in 2024/25 remain consistent with those in 2023/24. This no-growth scenario would be equivalent to a £5m shortfall in revenue and cash against the Base Case. Other assumptions in this scenario include slower research income growth (£1m) and delays implementing the planned cost saving measures (£3m) as well as a higher pay settlement for 2024/25 (an additional £1m). The total quantum of these risks is approximately £11m between now and 31 July 2025. Our review confirmed that with the headroom available on renewed covenants and our ability to put in place short-term mitigating actions, many of which have been deployed in previous years, would be more than sufficient to address adverse impacts on liquidity and covenant compliance. Identified mitigating measures, amounting to up to £6m in 2023/24 and £18m in 2024/25, include (for 2024/25): utilising contingency and strategic investment budgets as well as removing budgets no longer required (£4m); reducing overall levels of expenditure (£10m) by deploying measures to constrain our staffing costs as posts become vacant and delaying non-essential non-pay expenditure; and if necessary, deferring implementation of future pay and salary awards (£4m). Applying approximately £6m of these mitigating measures to address these risks would ensure that the University could maintain cash reserves at a level that is above minimum liquidity covenant thresholds (£8m) and would meet its performance covenants at all times, albeit with headroom on these covenants dropping to just below £1m at its closest point, but with further mitigation available if needed.

The University's Reverse Stress Test then considers the further capacity remaining, after addressing the Plausible Worst-Case Scenario, and the additional adverse risks that would need to materialise for this model to break. After addressing all other risks set out in our Plausible Worst Case Scenario and taking into account the remaining identifiable and readily available mitigation expenditure reduction levers, as set out above, of up to £4.5m in 2023/24 and £13.4m in 2024/25, the University concludes it would take a significant and unrealistic scenario in its student population, equivalent to a net reduction of over 1,300 FTEs compared to this year's position, for any issues on performance covenants to arise. The University also deploys tight budgetary controls around all expenditure and use of budgets, such that in the event of any indication that fee income was likely to fall short of plan, there would be sufficient time and uncommitted budgets available for mitigation to be put into effect. This Reverse Stress Test demonstrates that only an implausible risk scenario would give the University cause of concern as to its ability to meet covenant thresholds. This assessment was reviewed by the University's Council who were satisfied that the University is able to deploy sufficiently available and appropriate mitigating actions to ensure satisfactory cash levels are preserved and that financial covenants with lenders are met in all realistic risk scenarios and is satisfied that it is a going concern with no material uncertainty.

On the basis of the above assessment, the University Council considers that the University can comply with its lending covenants and has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date these accounts are approved. For this reason, these accounts are prepared on a going concern basis.

Management of performance and risks

The University measures its performance against peers and internal targets and reports regularly on relevant key performance indicator (KPI) data to the University's Council. Our KPI measures focus on five key areas to track delivery against the University's strategy. These are Education, Research and Innovation, Engagement and Civic Mission, Sustainability and Governance. Monitoring is performed over baskets of individual KPIs. Specific areas of sustainability assessed include student recruitment, income generation, cash reserves and adequacy of the estate.

Other indicators monitored within this process include sector positioning, student satisfaction, completion and employability, research income generation and research impact as well as a range of measures of social and environmental impact. Each individual KPI is 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 OfS 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.

Conclusion

The University believes it has recognised the challenges the sector is experiencing, in a timely manner and has commenced a significant programme of work to address the financial sustainability challenges it currently faces and to deliver on the transformation set out in the agreed Kent 2030 plan. This well-developed and balanced plan aims to improve financial performance and generate sufficient cash to both meet its rescheduled debt commitments whilst providing the funds for investment in strategic opportunities and ensuring we can continue to deliver our core purpose. We also have new arrangements in place with our lenders and other stakeholders that will provide the University with the financial bridge required over the transitional period as it returns to a position of financial sustainability. Undoubtedly, there remain significant challenges, both specific to the University as it moves forward on this trajectory and more generally affecting the wider sector, but we are confident we have started a journey of holistic change to address and overcome these issues and that we have a plan that we can succeed in delivering.

Professor Karen Cox

Vice-Chancellor and President
15 March 2024

Membership of University Council

Chair of the Council:	Mark Preston (from 1 August 2023) Dame Ursula Brennan (to 31 July 2023)
Deputy Chair of the Council/Chair of the Finance and Resources Committee:	Andrew Newell
Vice-Chancellor and President:	Professor Karen Cox
Deputy Vice-Chancellor for Strategy and Performance:	Professor Georgina Randsley de Moura
Deputy Vice-Chancellor for Education and Student Experience:	Professor Richard Reece
President of Kent Union:	Zaid Mahmood
External members:	Dame Ursula Brennan Colin Carmichael (to 31 July 2023) Daniel Cook Wei Xian Chan (to 28 February 2024) Michael Crick Sarah Dance (from June 2023) Neil Davies (to 31 July 2023) Dr Mark Downs (from June 2023) Tom Hyner (from 28 November 2023 Mayuri Lakhani Kim Lowe Gabriel MacGregor Dr Sam Parrett (from June 2023) Mark Preston Paul Pugh (from June 2023) Graham Razey (from 28 November 2023)
Staff and Student representatives:	Chris Barron Ben Bradley Josh Brooker (from 28 November 2023) Dr Will Norman (to 30 November 2023) Mimoza Osmani (to July 2023) Alex Perkins Dr Balihar Sanghera (from 1 August 2023) Professor Iain Wilkinson (to 31 July 2023)
Total membership:	**23 (carrying 1 Staff member vacancy and 2 Lay member vacancies)**
Secretary of the Council:	Dr Sinéad Critchley

The Chairs of Council committee were as follows:

Audit Committee:	Mark Preston (to 31 July 2023) Gabriel MacGregor (from 1 August 2023 to 27 November 2023) Graham Razey (from 28 November 2023)
Ethics Committee:	Gabriel MacGregor
Finance and Resources Committee:	Andrew Newell
Honorary Degrees Committee (Joint Committee with Senate):	Professor Karen Cox
Lay Nominations Committee:	Dame Ursula Brennan (to 31 July 2023) Mark Preston (from 1 August 2023)
Remuneration Committee:	Kim Lowe
People Committee:	Kim Lowe

Statement of responsibilities of University Council

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 edition, Accounts Direction issued by the Office for Students (OfS), and other relevant accounting standards.

The Council is required to prepare and publish financial statements for each financial year which give a true and fair view of the state of affairs of the Group as at 31 July 2023 and of the Group's income and expenditure, gains and losses, changes in reserves and of the Group's 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;
- judgements and accounting estimates are made that are reasonable and prudent;
- applicable UK 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 has taken reasonable steps to:
- ensure that funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- ensure that funds received from the OfS and UK Research and Innovation (UKRI) (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the OfS Terms and Conditions of funding for higher education institutions (issued July 2022) and the funding agreement with UK Research and Innovation (including Research England)/Education and Skills Funding Agency/Department for Education;
- ensure that the requirements of OfS accounts direction have been met
- ensure that there are appropriate financial and management controls in place to safeguard public funds and from other sources;
- safeguard the assets of the University, and ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

In so far as each of the members of the Council is aware:
- there is no relevant audit information of which the auditor is unaware; and
- the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Principal Officers and Honorary Degrees

Principal Officers

Visitor:	The Lord Archbishop of Canterbury
Chancellor:	Gavin Esler
Chair of the Council:	Mark Preston (from 1 August 2023) Dame Ursula Brennan (to 31 July 2023)
Vice-Chancellor and President:	Professor Karen Cox
Deputy Chair of the Council:	Andrew Newell
Deputy Vice-Chancellor, Strategy and Performance:	Professor Georgina Randsley de Moura
Deputy Vice-Chancellor, Education and Student Experience:	Professor Richard Reece
Deputy Vice-Chancellor, Research & Innovation:	Professor Shane Weller
Chief Financial Officer:	Lisa-Jane Crudgington-Higham
Director of Human Resources and Organisational Development:	Martin Atkinson
Director of the Division of Arts and Humanities	Professor Juliette Pattinson
Director of the Division of Natural Sciences	Professor Claire Peppiatt-Wildman
Director of the Division of Computing, Engineering and Mathematical Sciences	Professor Ben Cosh
Director of the Kent Business School	Professor Marian Garcia
Director of the Division of Human and Social Sciences	Professor David Wilkinson
Director of the Division for the study of Law, Society and Social Justice	Professor Iain Wilkinson
Dean of the Graduate and Researcher College:	Professor Gordon Lynch
Dean for Europe:	Professor Jeremy Carrette (to 31 July 2023)
Dean for Global and Lifelong Learning:	Dr Anthony Manning
Dean of the Kent and Medway Medical School:	Professor Christopher Holland
Director of Governance and Assurance (Secretary to Council):	Dr Sinéad Critchley

Honorary Degrees

The following Honorary Degrees were awarded at ceremonies in November 2022 and July 2023.

At the November 2022 Degree Congregations, the following honorary degrees were conferred:

Canterbury
- Harriet Wistrich, Doctor of Laws
- Dame Stephanie Shirley CH, Doctor of the University.

At the July 2023 Degree Congregations, the following honorary degrees were conferred:

Rochester
- Chi-chi Nwanoku CBE, Doctor of Music
- Professor Anthony Lilley OBE, Doctor of Arts

Canterbury
- Josephine James OBE, Doctor of Science
- David Gower OBE, Doctor of the University
- Her Honour Adele Williams DL, Doctor of Laws
- Professor David Croisdale-Appleby OBE, Doctor of Laws
- Mike Wilkins MBE, Doctor of the University
- Lawrence McGinty, Doctor of the University
- Professor Christine Orengo, Doctor of Science
- Josie Long, Doctor of Arts
- Hamish Fulton, Doctor of Arts
- Maria Alekhina, Diana Burkot, Olga Borisova and Taso Pletner – members of Pussy Riot, Doctor of Letters

The University also hosted our Golden Graduation ceremonies in July 2023 for those alumni who graduated in 1970, 1971, 1972 and 1973.

Statement of corporate governance and internal control

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 and applies to the 2022/23 financial year and to the date of the approval of the audited financial statements.

Values

The University of Kent is committed to providing high quality teaching, scholarship and research for public benefit. The University's values, published in its Kent 2025 Strategy, are as follows:

'We have always been a university that equally values education and research, believing that one enhances the other. We work as a community, based on collegiality. Freedom of speech within the law and freedom of inquiry are fundamental. We are outward looking, we embrace change and are willing to do things differently and see things differently. We value excellence and we support potential, wherever it may be found. Our university is based on equality, diversity, respect and we value each other. We are international in outlook.'

The University published its Ethics Code in May 2019 and 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 (updated September 2020). 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 Governance – University of Kent. The agendas and minutes of Council meetings are published on the University's website 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 exempt charity 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 membership consists of staff, students and lay members who are external to the University. The majority is held by the lay membership and the chair and deputy chair must be lay members. Members do not receive any payment for their work in relation to the Council. 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: Primary Responsibilities.pdf (kent.ac.uk)

The Senate is the academic authority of the University and draws its membership (52 members in 2022/23) 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 and President is ex officio Chair of Senate. The Senate has a range of boards to undertake much of the detailed work including the Academic Strategy, Planning and Performance Board, Education and Student Experience Board, Research and Innovation Board, Graduate and Researcher College Board, and Research Ethics and Governance Board. It has a Joint Committee with Council for the award of Honorary Degrees.

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 the annual accounts.

The Vice-Chancellor and President, 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. The Vice-Chancellor and President is the Accountable Officer of the University and in that capacity can be required to appear before the Public Accounts Committee. The Vice-Chancellor and President is required to provide regular reports to Council on matters delegated by the Council and those arising from the Statutes.

As chief executive of the University, the Vice-Chancellor and President 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 Vice-Chancellors, Chief Financial Officer 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 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 at least five business meetings and one strategy meeting each academic year. In the 2022/23 academic year there were nine business meetings. Key activities in 2022/23 included: deep dives on both student recruitment and continuation and also on academic quality, standards and TEF; the approval of a new Ordinance on Academic Freedom; a partnership with Oxford International Education Group (OIEG) for the establishment of Kent International College; the governance and oversight of major projects including the Medway Docking Station; preparation for REF2028; and financial sustainability. It has maintained oversight of the University's implementation of its duties under the Counter Terrorism and Security Act, the Modern Slavery Act and its responsibilities to protect free speech within the law. Council also undertook to review its trustee duties and personal liability.

Council has monitored institutional performance through Key Performance Indicators and league tables. Council is committed to equality, diversity and inclusivity and it has approved an annual report on the University's progress in this area. It continues to work with Senate in regards the oversight of academic governance and assurance. It has received regular reports of the meetings of Senate in addition to reports on the National Student Survey and a report on student complaints and appeals including complaints to the Office of the Independent Adjudicator.

Council also spent time discussing the wider higher education environment in 2022/23 and the challenges that the sector faces. The Council has also supported the University in starting work on formulating its strategic vision and plan for Kent2030 against the backdrop of sector challenges, the future size and shape of the university and its financial sustainability moving forward. The Council discussions help challenge and support the University to envisage its objectives, values and mission looking forward and to take appropriate steps to mitigate risks.

During 2022/23 the Council, along with representatives from Senate and the student community, undertook the search for a new Chair of Council to replace Dame Ursula Brennan who stepped down from the role at the end of July 2023. A comprehensive recruitment exercise was undertaken and in March 2023 Mark Preston was appointed Chair of Council effective from 1 August 2023.

Much of Council's detailed work is delegated to 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 a meeting schedule of no less than twice 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 £2m 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 returned to the Higher Education Statistics Agency (HESA), The Student Loans Company, and other bodies.

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. Four new lay members were recruited to Council for 2022/23 through an open competition and the recruitment process is underway for four new members to join in 2023/24.

The Remuneration Committee is responsible for considering and approving the remuneration of all members of the Executive Group, including but not limited to the University's Vice-Chancellor and President, Deputy Vice-Chancellors and the Chief Financial Officer. In fulfilling this responsibility, it considers performance against objectives set and benchmarking information from peer group institutions. The Committee reports to Council and provides a note of its methodology and the rationales for its decisions. The Committee also oversees the senior pay and reward policies for the University.

The Ethics Committee has approved an overarching Ethics Code for the University which was published in the 2018/19 year. The Committee maintains oversight of the Code of Practice for the Protection and Freedom of Speech and the work of other bodies concerned with ethical matters including: the Anti-bribery and Corruption Review Group; the Development Office regarding fundraising; the Research Ethics and Governance Committee; and the International Partnerships Approval Panel.

The People Committee was established by Council at its meeting in October 2022 with the purpose to ensure Council are sighted on, and can receive assurance on, matters related to the University's people and culture. The Committee have oversight of the University's People & Culture Strategy and its implementation to support the overall University Plan, including assurance to Council that a comprehensive framework of people policies and practices are in place which are regularly reviewed and adhered to. The People Committee met twice in 2022/23 and received reports on the EDI Strategy and implementation, the professional services career framework, mental health and wellbeing data trends and KPIs to support the People and Culture Strategy.

Effectiveness of Council and its Committees

Council underwent an external Effectiveness Review in 2019/20 led by Halpin. Following the final report being presented to Council in April 2020 significant progress has been made in the implementation of the recommendations under the workstream titled 'How Council will work'.

The next Council effectiveness review is scheduled to be undertaken in 2023/24 and early work in preparation has been undertaken during 2022/23.

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

Statement of Internal Control

During 2022/23, a programme of internal audit was completed, across a range of financial, operational and strategic internal controls.

The Internal Audit plan has been mapped against the new Risk Management Framework and a risk based approach to audit is in its second year of operation.

Overall, for the year ended 31 July 2023, and at the time of reporting, internal auditors provided satisfactory assurance that the University maintained adequately designed and effective arrangements for risk management, control and governance, and for economy, efficiency and effectiveness.

A number of key areas of focus have however been drawn to the Council's attention:

- The University's Risk Management report for 2021/22 which identified serious concerns and a deteriorating position in many key areas, most notably financial sustainability tolerances. The report highlighted that there are numerous conduct and operational risks with high exposure and high likelihood.
- Recurrent themes including sub-optimal use of IT systems and the challenge to deliver real change in the current environment of the pressing requirement to make financial savings which has led to further restructuring.
- Completion of the audit plan was impacted by a lack of engagement, in part due to the University having to prioritise taking action to alleviate financial pressures and to implement a finance transformation plan. This is understandable in the current context. The need for a significant improvement in engagement with the audit process and in addressing internal control deficiencies is accepted by the University.

A limited assurance opinion was given in the case of four internal audits:

- on Estates space utilisation
- on apprenticeships
- on staff performance management
- on student record management in the divisions.

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

- Every three or five years Council approves a new University Plan; the version in effect for the period of these accounts was that for 2020-2025 (and may be seen on the University's website as Our Strategy: Kent 2025). Council approved this plan during 2020/21 and continue to monitor progress towards its objectives, whilst concurrently developing the plan to 2030.
- A Financial Strategy underpins the planned activity set out in the University Plan, with resource planning and the monitoring of performance being measured against an agreed Financial Framework set out within this. This Framework defines a range of measures and indicators which are set to target performance at or above a minimum threshold level. A Financial Improvement Plan is currently in operation to bring performance back above these thresholds.
- Council meets regularly to consider strategic, policy and oversight matters. These include the status of risks in the University's Risk Register and annual reports from the Audit Committee, including an evaluation of the assurance provided by internal controls.
- The Vice-Chancellor and President and Executive Group are responsible for the management of the University, including oversight of risk management and consideration of monitoring against risk and value for money (VfM).
- Internal Audit's work, focusing on areas considered to be high risk, plays a valuable role in providing assurance on the adequacy and effectiveness of risk management, control and governance arrangements and VfM. The Internal Audit Strategic Plan is regularly reviewed and flexed to address any issues that may arise.
- The Audit Findings Report of the External Auditors includes recommendations on improvements to internal controls identified during the course of the audit work. These are reviewed by management and actions taken where appropriate.
- The Audit Committee meets at least 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. It also reviews progress on implementing Internal Audit and External Audit recommendations.
- The University's system of risk management during this embedding phase focuses on reviewing the most important risks, the Significant or Contingency Risks, and the actions taken to mitigate them, via monitoring reports. Council has undertaken an overall assessment of the effectiveness of risk management and internal control, informed by reports from the Audit Committee, the External Auditors in their Management Letter, the Internal Auditor, from the Vice-Chancellor and President, from other executive officers.

Council considered that, in the light of all the evidence, the University's internal control was sound for 2022/23 and to the date of its approval of these Financial Statements, and that is hereby confirmed for the record. The evidence taken into account by Council included the observations of the External Auditors on the Financial Controls, the Internal Audit Annual Report which provided 'satisfactory assurance' and the outcomes of Internal Audit reviews over recent years, consideration of the arrangements for risk management and value for money and assurances from management on the prompt progress in addressing recommendations.

Signed on behalf of the University of Kent on 15 March 2024 by

Mark Preston

Chair of the Council

Professor Karen Cox

Vice-Chancellor and President

Independent auditors report

Grant Thornton

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Opinion

We have audited the financial statements of University of Kent (the 'parent University') and its subsidiaries (the 'group') for the year ended 31 July 2023, which comprise the Consolidated and University statement of comprehensive income, Consolidated and University statement of changes in reserves, Consolidated and University statement of financial position, Consolidated statement of cash flows and notes to the financial statements, including note 32 'US Department of Education financial responsibility supplemental schedule', and a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent University's affairs as at 31 July 2023 and of the group's and the parent University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent University to cease to continue as a going concern.

In our evaluation of the Council's conclusions, we considered the inherent risks associated with the group's and the parent University's business model including effects arising from macro-economic uncertainties such as inflation, sensitivity of student numbers, cost of living and utility costs, we assessed and challenged the reasonableness of estimates made by the Council and the related disclosures and analysed how those risks might affect the group's and the parent University's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Review and Financial Statements other than the financial statements and our auditor's report thereon. The Council is responsible for the other information contained within the Annual Review and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit

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or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students ('OfS') Accounts direction (issued October 2019) (the 'OfS Accounts direction')

In our opinion, in all material respects:

- funds from whatever source administered by the parent University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education & Skills Funding Agency and the Department for Education have been applied in accordance with relevant terms and conditions; and
- the requirements of the OfS Accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS Accounts direction requires us to report to you where:

- the parent University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the parent University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Members of Council

As explained more fully in the Statement of responsibilities of University Council set out on page 20, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the University and the sector in which the University operates through our sector experience, discussions with management and inspection of legal expenditure accounts. We determined that the following laws and regulations were most significant:
  - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';
  - Statement of Recommend Practice (SORP): Accounting for Further and Higher Education 2019;
  - OFS framework, Terms and Conditions of Funding, OfS Accounts Direction (October 2019), Relevant OfS regulatory notices and advices; and
  - Research England Terms and Condition of Funding.
- We understood how the University is complying with these legal and regulatory frameworks by making inquiries of management, internal legal counsel and those charged with governance whether there were any instances of non-compliance with laws and regulations, litigation and claims, and actual or suspected fraud. Our work performed to identify any non-compliance with

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laws and regulations included corroborating the results of our enquiries through our legal and professional expenses review, inspection of information and consideration of consistency of information provided and enquired performed;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding and practical experience with audit engagement of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the client operates; and
  - Understanding of the legal and regulatory requirements specific to the entity.
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in its significant accounting policies;
  - Identifying and testing journal entries;
  - Identifying and testing related party transactions; and
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The University's operations, including the nature of its revenue sources, services and its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and the business risks that may result in risks of material misstatement; and
  - The University's control environment, including:
  - Management's knowledge of relevant laws and regulations and how the entity is complying with those laws and regulations;
  - The adequacy of procedures for authorization of transactions and review of management accounts; and
  - Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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

Use of our report

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 as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London
15 March 2024

Financial statements

Consolidated and University statement of comprehensive income year ended 31 July 2023

	Note	Consolidated and University 2022/23 £000	2021/22 £000
Income			
Tuition fees and education contracts	1	**156,961**	159,370
Funding Council grants	2	**32,987**	28,445
Research grants and contracts	3	**18,484**	17,696
Other income	4	**61,569**	53,599
Investment income	5	**571**	106
Donations and endowments received	6	**727**	1,162
Total income		**271,299**	260,378
Expenditure			
Staff costs	7	**151,782**	145,881
Restructuring costs	7	**4,080**	1,565
Increase to pension provision arising from change in Schedule of Contributions	7	**-**	54,616
Decrease to pension provision arising from change in discount factor	7	**(16,087)**	-
Other operating expenses	9	**98,830**	98,172
Depreciation and amortisation	11,12	**22,708**	21,226
Interest and other finance costs	8	**5,048**	5,192
Total expenditure		**266,361**	326,652
Surplus/(deficit) before other gains		**4,938**	(66,274)
Loss on investments		**(28)**	(64)
Gain on sale of tangible assets		**3**	963
Surplus and total comprehensive income for the year		**4,913**	(65,375)
Represented by:			
Endowment comprehensive (expenditure)/income for the year		**(275)**	62
Restricted comprehensive income for the year		**89**	144
Unrestricted comprehensive income/(expenditure) for the year		**5,099**	(65,581)
		4,913	(65,375)

All income and expenditure recognised above relates to continuing operations.

Consolidated and University statement of changes in reserves year ended 31 July 2023

Income and expenditure reserve

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Consolidated				
Balance at 1 August 2021	**3,739**	**946**	**264,804**	**269,489**
Surplus/(deficit) for the year	454	493	(66,322)	(65,375)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(392)	(349)	741	-
Total comprehensive income/(expenditure) for the year	62	144	(65,581)	(65,375)
Balance at 1 August 2022	**3,801**	**1,090**	**199,223**	**204,114**
Surplus for the year	119	466	4,328	4,913
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(394)	(377)	771	-
Total comprehensive income/(expenditure) for the year	(275)	89	5,099	4,913
Balance at 31 July 2023	**3,526**	**1,179**	**204,322**	**209,027**

Income and expenditure reserve

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
University				
Balance at 1 August 2021	**3,739**	**946**	**264,769**	**269,454**
Surplus/(deficit) for the year	454	493	(66,322)	(65,375)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(392)	(349)	741	-
Total comprehensive income/(expenditure) for the year	62	144	(65,581)	(65,375)
Balance at 1 August 2022	**3,801**	**1,090**	**199,188**	**204,079**
Surplus/(deficit) for the year	119	466	4,328	4,913
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(394)	(377)	771	-
Total comprehensive income/(expenditure) for the year	(275)	89	5,099	4,913
Balance at 31 July 2023	**3,526**	**1,179**	**204,287**	**208,992**

Consolidated and University statement of financial position 31 July 2023

	Note	Consolidated 2023 £000	Consolidated 2022 £000	University 2023 £000	University 2022 £000
Non-current assets					
Intangible fixed assets	11	**15,633**	15,035	**15,633**	15,035
Tangible fixed assets	12	**370,625**	382,255	**370,625**	382,255
Fixed asset investments	14	**1,405**	1,433	**1,405**	1,433
		387,663	398,723	**387,663**	398,723
Current assets					
Stocks		**683**	715	**683**	715
Trade and other receivables	15	**29,267**	28,556	**29,267**	28,556
Current asset investments	16	**841**	833	**841**	833
Cash and cash equivalents	23	**23,964**	30,479	**23,964**	30,479
		54,755	60,583	**54,755**	60,583
Creditors: amounts falling due within one year	17	**(85,005)**	(70,426)	**(85,040)**	(70,461)
Net current liabilities		**(30,250)**	(9,843)	**(30,285)**	(9,878)
Total assets less current liabilities		**357,413**	388,880	**357,378**	388,845
Creditors: amounts falling due after more than one year	18	**(81,050)**	(98,327)	**(81,050)**	(98,327)
Provisions					
Pension provisions	19	**(66,207)**	(86,439)	**(66,207)**	(86,439)
Other provisions	19	**(1,129)**	-	**(1,129)**	-
		(67,336)	(86,439)	**(67,336)**	(86,439)
Net assets		**209,027**	204,114	**208,992**	204,079

	Note	Consolidated 2023 £000	Consolidated 2022 £000	University 2023 £000	University 2022 £000
Restricted reserves					
Endowment reserves	21	**3,526**	3,801	**3,526**	3,801
Restricted reserves	22	**1,179**	1,090	**1,179**	1,090
		4,705	4,891	**4,705**	4,891
Unrestricted reserves					
General reserve		**204,322**	199,223	**204,287**	199,188
Total reserves		**209,027**	204,114	**208,992**	204,079

The financial statements on pages 29-56 were approved by the Council on 15 March 2024 and signed on its behalf by:

Professor Karen Cox
Vice-Chancellor and President

Andrew Newell
Chair of the Finance and Resources Committee

Lisa-Jane Crudgington-Higham
Chief Financial Officer

Consolidated statement of cash flows year ended 31 July 2023

	Note	2022/23 £000	2021/22 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		**4,913**	(65,375)
Adjustment for non-cash items			
Depreciation	12	**19,403**	18,406
Amortisation of intangibles	11	**3,305**	2,820
Loss on investments		**28**	64
(Increase) / Decrease in stock		**32**	(36)
Increase in debtors	15	**(786)**	(3,558)
Increase / (Decrease) in creditors	17/18	**4,869**	1,386
Increase/ (Decrease) in pension provision	19	**(20,232)**	50,575
Increase/ (Decrease) in other provisions	19	**1,129**	-
Adjustment for investing or financing activities			
Investment income	5	**(571)**	(106)
Interest payable	8	**4,120**	4,880
Endowment income	21	**(82)**	(479)
Gain on the sale of tangible fixed assets		**(3)**	(963)
Capital grant income	2/4	**(2,433)**	(2,113)
Net cash inflow from operating activities		**13,692**	5,501
Cash flows from investing activities			
Proceeds from sale of tangible assets		**3**	2,030
Capital grant receipts		**2,433**	2,113
Investment income	5	**571**	106
Payments made to acquire tangible assets	12	**(7,501)**	(7,997)
Payments made to acquire intangible assets	11	**(3,903)**	(1,818)
New deposits		**(8)**	-
		(8,405)	(5,566)
Cash flows from financing activities			
Interest paid	8	**(2,960)**	(4,780)
Endowment cash received	21	**82**	517
Repayments of amounts borrowed		**(8,924)**	(4,757)
		(11,802)	(9,020)
Decrease in cash and cash equivalents in the year		**(6,515)**	(9,085)
Cash and cash equivalents at beginning of the year		**30,479**	39,564
Cash and cash equivalents at end of the year		**23,964**	30,479

Statement of principal accounting policies

A General information

The University of Kent was established by Royal Charter in 1965. It is an exempt charity in accordance with Schedule 3 of the Charities Act 2011. The University is registered with the Office for Students. The address of the registered office is:

University of Kent
The Registry
Canterbury
Kent CT2 7NZ
United Kingdom

B Basis of preparation

These financial statements have been prepared in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and has applied the relevant public benefit requirements of UK laws and accounting standards.

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

The financial statements are prepared in sterling which is the functional currency of the University and rounded to the nearest £'000.

Going concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial and Strategic Report, which forms part of these Financial Statements. This report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis, which the Council considers to be appropriate for the following reasons.

Taking into account the first six months' performance of 2023/24 and its forecasts for 2024/25, which include the renewed financing and funding facilities in place from 8 February 2024, the Council has undertaken its review of going concern, evaluating the ability of the University to withstand and respond to foreseeable financial risks whilst retaining an adequate buffer to address further risks. An essential part of this review has been to stress test key assumptions within the forecasts and consider the ability to mitigate adverse impacts on liquidity and compliance with financial covenants. The approach has been to assess the forecast baseline performance, as underpins the new financing arrangements, to consider a remote Plausible Worst-Case Scenario and, finally, to evaluate the support offered by available financial improvement measures to withstand further risk, a process known as Reverse Stress Testing.

The refinancing package agreed with the University's lenders has been based on a prudent projected financial performance and improvement trajectory, with sensitivities to the key risks built in, but with sufficient investment capacity to enable delivery of the transformation and a steady return to sustainability over the period to 2027/28. The Base Case of the University's Going Concern Assessment to July 2025 is derived from the first two years of this plan, during which time the University plans to move from a deficit performance to a modest surplus.

Core to this plan and compared to 2023/24 forecast performance, is fee income growth of £5m, equivalent to a net increase in student numbers of 220, increased research contribution of £2m and targeted net cost savings of £18m. Key initiatives during this time include a series of activities to ensure that the courses with high potential to recruit students optimise their appeal and achieve growth, while reviewing the sustainability of the current portfolio. Work is also underway to improve processes and efficiency in our administrative structure and to organise professional services to best meet our needs. The plan makes allowance for substantial costs associated with the transformation. This gives rise to a more stable and resilient liquidity position, although at its lowest point in April 2024, this headroom is just over £2m, but with performance running ahead of the Base Case, this is not considered to be of concern. In 2024/25, minimum headroom in the current Base Case ranges from between £4m to £6m, dependent on time of year. In its preparation of the 2024/25 budget, the University will take steps to increase this headroom. Notwithstanding this, protection of this headroom can, even against the stress tests applied, be managed using identified and available mitigation levers, albeit recognising the consequential operational challenges that this might bring.

The Plausible Worst-Case Scenario then considers other material risks that may push the Base Case off course, but that are considered less likely to occur than those risks already incorporated in the Base Case. This scenario includes some further drop-off in fee income of £1.5m over the remainder of 2023/24 and assumes student numbers in 2024/25 remain consistent with those in 2023/24. This no-growth scenario would be equivalent to a £5m shortfall in revenue and cash against the Base Case. Other assumptions in this scenario include slower research income growth (£1m) and delays implementing the planned cost saving measures (£3m) as well as a higher pay settlement for 2024/25 (an additional £1m). The total quantum of these risks is approximately £11m between now and 31 July 2025. Our review confirmed that with the headroom available on renewed covenants and our ability to put in place short-term mitigating actions, many of which have been deployed in previous years, would be more than sufficient to address adverse impacts on liquidity and covenant compliance. Identified mitigating measures, amounting to up to £6m in 2023/24 and £18m in 2024/25, include (for 2024/25): utilising contingency and strategic investment budgets as well as removing budgets no longer required (£4m); reducing overall levels of expenditure (£10m) by deploying measures to constrain our staffing costs as posts become vacant and delaying non-essential non-pay expenditure; and if necessary, deferring implementation of future pay and salary awards (£4m). Applying approximately £6m of these mitigating measures to address these risks would ensure that the University could maintain cash reserves at a level that is above minimum liquidity covenant thresholds (£8m) and would meet its performance covenants at all times, albeit with headroom on these covenants dropping to just below £1m at its closest point, but with further mitigation available if needed.

The University's Reverse Stress Test then considers the further capacity remaining, after addressing the Plausible Worst-Case Scenario, and the additional adverse risks that would need to materialise for this model to break. After addressing all other risks set out in our Plausible Worst Case Scenario and taking into account the remaining identifiable and readily available mitigation expenditure reduction levers, as set out above, of up to £4.5m in 2023/24 and £13.4m in 2024/25, the University concludes it would take a significant and unrealistic scenario in its student recruitment or retention, equivalent to the reduction of between 900 and 1500 students, dependent on mix between UK and International, compared to the 2024/25 Base Case, for any issues on performance covenants to arise. The University also deploys tight budgetary controls around all expenditure and use of budgets, such that in the event of any indication that fee income was likely to fall short of plan, there would be sufficient time and uncommitted budgets available for mitigation to be put into effect. This Reverse Stress Test demonstrates that only an implausible risk scenario would give the University cause of concern as to its ability to meet covenant thresholds. This assessment was reviewed by the Council who were satisfied that the University is able to deploy sufficiently available and appropriate mitigating actions to ensure satisfactory cash levels are preserved and that financial covenants with lenders are met in all realistic risk scenarios and is satisfied that it is a going concern with no material uncertainty.

Taking all the above into account, the Council considers that the University can comply with its lending covenants and has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date these accounts are approved. For this reason, these accounts are prepared on a going concern basis.

C 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 FRS102, the activities of Kent Union have not been consolidated because the University does not exert control or dominant influence over those activities.

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS102) to not produce a cash flow statement for the University in its separate financial statements.

D Income recognition

Tuition fees

Income from tuition fees 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 paid to students are accounted for gross as expenditure.

Revenue grants

Grants funding, including funding council block grant, research grants from government sources, and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors in the Statement of Financial Position and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are accounted for as donations or endowments.

Donations and endowments with donor imposed restrictions on the use of the funds (which do not amount to performance conditions) are recognised as income within the Consolidated Statement of Comprehensive Income and Expenditure when the University becomes entitled to them. Income is retained within a restricted reserve until such time that expenditure is incurred in line with the restrictions. This income is then released to general reserves through a reserve transfer.

Income in respect of donations and endowments without donor imposed restrictions is recognised in income when the funds are receivable and recorded within unrestricted reserves.

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

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

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

Investment income

Income from cash deposits and investments is credited to income in the period in which it is earned.

Capital grants

Grants or Donations received from any source for the purpose of purchasing or constructing fixed assets are recognised as income as performance conditions are met. This will normally be at the point the asset is brought into use, or in line with phased completion of large construction projects, depending on the terms of the grant.

Other income

All other income for the sale of goods and services, including Residences and Catering, is recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customer, or the terms of the contract have been satisfied.

E 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 externally funded bursaries and scholarships where the funder determines the recipient, are excluded from the Consolidated Statement of Comprehensive Income. Any commissions received in this respect are credited to the Consolidated Statement of Comprehensive Income and Expenditure as earned.

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 Consolidated Statement of Comprehensive Income in the period in which they arise.

G Employee benefits

Short-term employee benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits (such as holiday allowances) are accrued within staff costs and measured as the additional amount the University expects to pay as a result of unused entitlement.

Post-employment benefits (pensions)

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).

From 1 October 2016 USS changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS102 'Employee benefits', the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme.

The University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit. Therefore, a provision is recognised for the contributions payable which arise from the agreement, to the extent that they relate to the deficit, with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

SAUL is a multi-employer defined benefit scheme. The assets of the scheme are held in separate trustee administered funds. The University is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but 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. Informal reviews of the position of the schemes are carried out between formal valuations. 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 FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme.

H Tangible fixed assets

Land and buildings

Land held was valued as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. A valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards, April 2015, and FRS 102. The valuation was undertaken on a Fair Value basis and has been reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

In keeping with the transitional rules set out in FRS102 this land valuation is retained to be used as its 'deemed cost' going forward. Land purchased since 1 August 2014 is shown at cost. Freehold land is not depreciated.

Buildings are included in the Balance Sheet at cost less accumulated depreciation. Finance costs which are directly attributable to the purchase or 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 each year. They are not depreciated until they are brought into use. Once a building is brought into use any elements with significant value and a materially different life are depreciated separately from the main structure.

Costs incurred in relation to land and buildings after the initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

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

Building structure	80 years
Roofing and windows	30 years
Mechanical and electrical systems	25 years
Refurbishment of general facilities	15 years
Refurbishment of residential facilities	10 years
Refurbishment of dining and trading facilities	5 years

Where assets are recognised in respect of service concession arrangements or finance leases they are valued at the present value of future minimum lease payments. These assets are depreciated over the length of the lease term, or where lower, the useful economic life of the asset as above.

Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS102. A review for potential indicators of impairment is carried out at each year end, and if events or changes in circumstances indicate that the carrying amount of assets may not be recoverable, a calculation of the impairment is completed and the arising impairment values charged against the asset and to the SOCIE.

Site works

Site works on University campuses, when capitalised, are depreciated over useful economic lives as follows:

Infrastructure works	30 years
Groundworks and landscaping	25 years
Roads, footpaths and car parks	15 years

Equipment

Equipment and software costing less than £20,000 per individual item or group of related items is written off in the year of acquisition. All other equipment and its associated systems developments are capitalised at cost. Costs relating to major system developments in progress are not depreciated until the system is brought into use.

Capitalised equipment and systems are depreciated over its useful economic life as follows:

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

All depreciation charges are calculated annually from the year in which assets come into use.

Where Tangible Fixed Assets are acquired with the aid of specific grants, the cost is capitalised and depreciated in accordance with the above policy, with the related grant income recognised in line with Accounting Policy D.

I Intangible assets

Intangible assets purchased separately from a business are initially recognised at its cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Purchased software costs

Software costs are capitalised if externally purchased and the wholly attributable external implementation costs as set out below exceed a £20,000 threshold.

External costs, associated with the application development and implementation phases are capitalised. This may involve the acquisition of computer equipment or third party software. Internal costs incurred in order to bring the software in to use are also capitalised where they can be reliably measured.

Costs to develop or obtain software that allows for access or conversion of old data by new information systems are also capitalised.

Software is amortised over its estimated useful life, as follows:

Major Management Information System developments	8 years
Software upgrades and systems	5 years

External costs and internal costs (where they can be reliably measured) in respect of upgrades and enhancements will be capitalised only if the expenditure results in additional functionality.

Internally generated software

Design and content costs relating to the development of internal software and websites to support specific teaching or training courses, or for specific research projects, as well as design and content costs for websites that are the general use of the institution and its staff are written off as incurred.

Impairment

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

J Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at fair value.

Other investments are initially recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment.

Investments in funds intended to be held for the long term in order to generate ongoing income to fund activities are reported as fixed asset investments. All other funds are reported as current asset investments.

Any subsequent increase or decrease in value is recognised within the Consolidated Statement of Comprehensive Income and transferred to restricted or unrestricted reserves as appropriate.

K Stocks

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

L Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010, and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 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 exclusively to charitable purposes.

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 on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

M Financial instruments

The University has applied the recognition, measurement and disclosure requirements of sections 11 and 12 of FRS 102 in relation to basic and complex financial instruments.

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the legal form. Financial liabilities are initially measured at transaction price (including transaction cost) and subsequently held at amortised cost.

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

Cash and cash equivalents

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are, in practice, available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits (maturity generally being less than three months from the placement date) and other instruments held as part of the University's treasury management activities.

Cash and cash equivalents contains sums relating to endowment reserves which have restrictions on their use. Note 21 summarises the balances of restricted endowment funds.

Loans

Loans are measured at amortised cost using the effective interest method and are subject to an annual impairment review.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised immediately in the Statement of Comprehensive Income.

N Provisions

General

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.

Pension

Provisions are recognised in respect of the deficit recovery plan of the University's pension schemes as detailed in Accounting Policy G.

O Leases and service concession arrangements

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 Consolidated Statement of Comprehensive Income in the period to which the payment relates. Future liabilities under such operating leases are disclosed as a financial commitment in the notes to the accounts.

Rental payments received are credited to the Consolidated Statement of Comprehensive Income in the period to which the income relates. Lease premiums received at the start of a lease are credited to the Consolidated Statement of Comprehensive Income as rental income over the minimum lease term.

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Assets acquired by finance lease and the associated lease liability are reported at the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Service concession arrangements

Service concession arrangements are lease arrangements whereby the lessor also provides services (eg maintenance and operation) alongside provision of the assets and any significant residual value of the asset passes to the University at the end of the lease. Any service concession arrangement liability is valued at the present value of future minimum lease payments with a corresponding asset being created within Property, Plant and Equipment assets and depreciated in line with accounting policy H.

P Accounting for jointly controlled assets and operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of the transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

Q Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held in a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

R Significant estimates and judgements

The University considers the following areas to be significant areas of estimates or judgements which could have a significant impact on the financial statements.

Significant accounting estimates

Recoverability of debtors

The provision for bad and doubtful debts is based on our estimate of the expected recoverability of debts. The assumptions underlying our estimate for bad debt provision are driven by the nature of debtor (ie student, commercial and enterprise/research debt), as well as by the age profile of the component debts. The validity of the respective provision percentages applied to each category of debt is reviewed against recent historic trends for debt recoverability each year, following which the rates are prudently revised where appropriate. On that basis, we believe that our bad debt provision estimate each year closely aligns with the risk associated with the irrecoverability of outstanding debt.

Retirement benefit obligations

As the University is contractually bound to make deficit recovery payments to USS, these are recognised as a liability on the balance sheet.

The provision is based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which requires deficit of 6.2% of salaries from 1 April 2021 to 31 March 2024 and 6.3% from 1 April 2024 onward.

The major assumptions used to calculate the current provision required in relation to this obligation are:

	2023	2022
Discount rate	5.52%	3.31%
Salary growth*	1.9%	3.5%

* The assumptions on salary growth includes the estimated impact of inflation as well as increments and promotions on total staffing costs.

A 1% increase in salary growth would result in an increase in the provision of £0.6m and a 0.25% increase in the discount rate would result in a decrease in the provision of £1.2m.

Depreciation

The useful economic lives used in the calculation of depreciation charges are a significant area of estimate. The lives used in these financial statements for all groups of fixed assets are shown in accounting policy H and the impact can be seen in note 12.

Significant judgements and assumptions

Income recognition

Judgement is applied in determining the value and timing of certain items of income to be included in the financial statements of certain material items such as large gifts and grants. This includes determining when performance conditions have been met, and determining the income associated with partially delivered services, where the delivery has not been fully completed at the end of the financial year.

Pension scheme assumptions

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS and SAUL. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the surplus or deficit for the year in accordance with section 28 of FRS102. The University is satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme. For USS the University has recognised the discounted fair value of the contractual contributions under the Recovery Plan in existence at the date of approving the financial statements.

Service concession arrangements

Contracts have been reviewed and judgement applied in determining whether they meet the criteria for Service Concession arrangement. The treatment of these arrangements is shown in accounting policy N, and information on these contracts and their impact in the financial statements is shown in Note 12.

Revaluation of land

The valuation of the land now taken forward as deemed cost is a significant judgement, based on an external valuation as at 31 July 2014 but reviewed annually by management for any indication of impairment. Further information on the basis of the valuation and the impact on the financial statements can be seen in Note 12.

Notes to the accounts

1 Tuition fees and education contracts

	2022/23 £000	2021/22 £000
Full-time home and EU students	**104,870**	111,792
Full-time international students	**43,261**	37,945
Part-time fees	**5,738**	6,755
Research training support grants	**2,141**	2,143
Short course fees	**951**	735
	156,961	159,370

2 Funding council grants

	2022/23 £000	2021/22 £000
Recurrent grant		
Teaching and research funding (OfS; RE)	**27,551**	24,321
Higher Education Innovation Fund (HEIF)	**2,856**	1,395
Capital Grants (CIF)	**1,703**	2,113
Specific grants		
Education and Skills Funding Agency (ESFA)	**128**	98
All Other Grants	**749**	518
	32,987	28,445

3 Research grants and contracts

	2022/23 £000	2021/22 £000
Research councils	**5,342**	6,855
UK based charities	**2,067**	2,449
UK industry and commerce	**397**	150
Government (UK and EU)	**8,705**	7,352
Other grants and contracts	**1,973**	890
	18,484	17,696

Note: The source of grant and fee income included in Notes 1-3 above is as follows:

	2022/23 £000	2021/22 £000
Grant income from the OfS	**8,702**	9,426
Grant income from other bodies	**29,499**	25,776
Fee income for taught awards (excluding VAT)	**153,869**	156,492
Fee income for research awards (excluding VAT)	**2,141**	2,143
Fee income for non-qualifying courses (excluding VAT)	**951**	735
	195,162	194,572

4 Other income

	2022/23 £000	2021/22 £000
Residences, catering and conferences	**41,369**	37,738
Other income generating activities	**7,704**	7,717
Other revenue grants	**4,153**	3,670
Capital grants (non-funding council)	**730**	-
Other income	**7,613**	4,474
	61,569	53,599

Income from Residences, catering and conferences has risen by £2.9m compared to 2021/22. This is due to the impact of Covid-19 and off-site students having been unwound and students are making use of catering facilities. Conference income has also increased with more conferences taking place on site. 'Other income' includes 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.

The balance of grant funding held within deferred income until performance conditions are met is reported in Note 17.

5 Investment income

	2022/23 £000	2021/22 £000
Investment income on endowments	**65**	38
Other investment income	**150**	33
Other interest receivable	**356**	35
	571	106

6 Donations and endowments received

	2022/23 £000	2021/22 £000
New endowments	**82**	479
Donations with restrictions	**466**	493
Unrestricted donations	**179**	190
	727	1,162

7 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:

	2022/23 Avge FTE No	2021/22 Avge FTE No
Academic staff	**893**	884
Research staff	**219**	184
Teaching only staff *	**31**	20
Academic related staff	**532**	476
Clerical staff	**750**	690
Manual and ancillary	**347**	356
Technical	**202**	186
	2,974	2,796

*Teaching only staff relates to postgraduate students who are also paid a salary for the provision of teaching services to undergraduate students.

The above figures exclude 275 FTE (2021/22: 220 FTE) in relation to employees classified as casual workers that are paid by timesheet.

	2022/23 £000	2021/22 £000
Staff costs for the above persons:		
Wages and salaries	**121,280**	117,529
Social security costs	**11,447**	10,883
Other pension costs (Note 30)	**24,128**	21,822
Sub-total	**156,855**	150,234
Movement in pension deficit recovery plan provision	**(21,160)**	50,263
Restructuring costs	**4,080**	1,565
	139,775	202,062

The pension provision movement consists of movements to the total provision offset by the unwinding of existing provisions against additional contributions paid in the year. This includes a one-off increase to the provision of £54.6m following the completion of the 2020 valuation in October 2021. As at the year ended 31 July 2023 there has been a significant change in the discount rate applied to the pension which has resulted in a decrease in the pension provision by 16.1m. This is shown separately from other staff costs on the face of the Statement of Comprehensive Income and Expenditure.

7 Staff costs (continued)

	2022/23 £000	2021/22 £000
Staff costs by department:		
Academic departments	**87,762**	84,281
Academic services	**10,445**	9,858
Research grants and contracts	**9,536**	9,318
Student and staff facilities	**6,183**	6,477
General educational expenditure	**10,461**	9,785
Administration and central services	**13,874**	11,628
Residences and catering	**8,060**	7,906
Premises	**7,679**	5,884
Pension provision movements (excluding one-off movements)	**(5,073)**	(4,353)
Other	**2,855**	5,097
Sub-total	**151,782**	145,881
Restructuring costs	**4,080**	1,565
Increase in pension provision arising from change in Schedule of Contributions	**-**	54,616
Decrease in pension provision arising from change in discount rate	**(16,087)**	-
Total staff costs by department	**139,775**	202,062
Payments for loss of office included in total staff costs above	**4,217**	1,692
Number of staff to which this relates	**127**	61

	Number of Staff	
	2022/23	2021/22
Senior staff pay:		
Basic annual salary (per 1.0 FTE)		
£100,000 – £104,999	**12**	3
£105,000 – £109,999	**5**	6
£110,000 – £114,999	**5**	8
£115,000 – £119,999	**13**	8
£120,000 – £124,999	**2**	5
£125,000 – £129,999	**4**	1
£130,000 – £134,999	**1**	3
£135,000 – £139,999	**3**	1
£140,000 – £144,999	**1**	1
£145,000 – £149,999	**1**	-
£150,000 – £154,999	**1**	1
...		
£240,000 – £244,999	**1**	1

During 2022/23 as the Kent and Medway Medical School grew, as a result 7 employees were employed on fractional contracts in this area. When their salaries are taken as if they were 1.0FTE they are extrapolated to a basic annual salary which is over £100k.

Key management personnel

Key management personnel, identified by the University as members of its Executive Group, are those persons having authority and responsibility for planning, directing and controlling the activities of the institution. Staff costs includes compensation paid to key management personnel consisting of salary and benefits including any employer's pension contribution and other equivalent payments.

	2022/23 £000	2021/22 £000
Key management personnel compensation	**2,037**	2,032

The Executive Group of the University of Kent consists of 12 (2021/22: 12) people including the Vice-Chancellor.

	2022/23 £000	2021/22 £000
Remuneration for the Vice-Chancellor and President:		
Professor Karen Cox		
Basic salary	**240**	240
Payments in lieu of pension contributions	**37**	37
Pension contributions	**15**	13
Total Emoluments for the Year	**292**	290

The Vice-Chancellor and President's basic salary in 2022/23 was 8.27 times the median pay of all staff (2021/22: 8.51 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor and President's total remuneration in 2022/23 was 8.82 times the median total remuneration of staff (2021/22: 9.00 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

Where the median pay ratio is calculated on a full time equivalent basis for all staff, the pay ratio is distorted by the inclusion of a high number of (mainly student) staff on flexible/atypical timesheet contracts where we aim to provide employment experience. Given the distorting effect of these contracts on the pay ratio, a ratio which excludes these staff is also given (below) for comparison purposes.

The Vice-Chancellor and President's basic salary in 2022/23 was 6.65 times the median basic salary of all substantive staff (2021/22: 7.19 times). The Vice-Chancellor and President's total remuneration in 2022/23 was 7.14 times the median total remuneration of all substantive staff (2021/22: 7.69 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its substantive staff.

According to the Committee of University Chairs VC Remuneration Report published in January 2023, the average basic pay ratio across the HE sector in 2021/22 was 7.32:1 (2020/21: 7.23:1) and the range was from 12.7:1 to 3.71:1 (11.0:1 to 3.9:1). The average total emoluments ratio in 2021/22 (if provided) was 7.64:1 (7.88:1) and the range was from 12.8:1 to 3.7:1 (11.05:1 to 3.7:1).

The ratio of the Vice-Chancellor and President's salary compared to the median of all staff is higher than the average ratio for the sector, despite her salary remaining below the target pay zone. This is due to the fact that the median salary for all staff at Kent is relatively lower than in the sector because Kent directly employs front line staff in Commercial Services and Estates whereas many other institutions outsource such services.

Justification for salary of Vice-Chancellor and President

Value and performance of the Vice-Chancellor and President:
In reviewing the performance of the Vice-Chancellor and President, it was acknowledged that the environment within the Higher Education sector, and specifically at Kent, remains extremely challenging. Given this context, the feedback collected by the Chair of Council from a range of stakeholders, and the assessment of progress against objectives, the Remuneration Committee concluded that the Vice-Chancellor remains in a strong position to lead the institution into the future. The Vice-Chancellor's pay remains below the target pay zone for her role as set out in the University's Senior Reward Policy (based on peer group market data) and, due to the challenging financial environment experienced by the wider sector and specifically at Kent, the Vice-Chancellor has repeatedly declined pay awards since joining the University in 2017.

Governance process:
The Remuneration Committee determines all aspects of the remuneration (base pay, performance-related payments and pensions) of the Vice-Chancellor and President, and all other members of the Executive Group, with delegated responsibility for decision-making on these matters from Council. In addition, as part of its governance role, the Remuneration Committee monitors the application of Kent's reward policies across all staff groups, including other senior staff. The Committee consists of members of Council, including a student member and a staff member.

The Remuneration Committee has developed a Senior Reward Policy which is published on the University website. This policy is applicable to all members of the Executive Group, including the Vice-Chancellor. The policy incorporates requirements related to both University and individual performance assessment, including appraisal against detailed objectives. The Chair of Council prepares a detailed appraisal of the Vice-Chancellor's performance against objectives based on 360 degree feedback from internal and external stakeholders, which is submitted to the Remuneration Committee.

The Vice-Chancellor is not a member of the Remuneration Committee. No members of staff, including the Vice-Chancellor, are present at Remuneration Committee meetings during discussions about their own remuneration. A report of the Committee's decision is provided to Council each year. The University follows the requirements of the Office for Students on senior pay and the Committee Of University Chairs' Governance Code.

The Committee has agreed and maintains the External Activities and Retention of Income policy which sets out the circumstances in which members of the Executive Group may engage in external activities in a personal capacity and retain some income from those activities where appropriate. Income related to an agreed external activity may be retained by the individual only where the activity is carried out during an agreed period of annual leave. Otherwise, the income must be remitted directory to the University. Alternatively, where there is little by way of direct relevance to the business of the University, individuals are required to remit any income to an appropriate registered charity. Operation of the policy is monitored via an annual return to the Committee.

8 Interest and other finance costs

	2022/23 £000	2021/22 £000
Loan interest	**4,120**	4,880
Pension scheme finance costs	**928**	312
	5,048	5,192

9 Other operating expenses

	2022/23 £000	2021/22 £000
Academic divisions	**9,420**	9,373
Academic services	**9,953**	11,884
Research grants and contracts	**3,617**	3,426
Bursary payments to students	**10,215**	11,602
Student and staff facilities	**6,551**	5,686
General educational expenditure	**9,820**	7,824
Administration and central services	**5,867**	5,835
Residences and catering	**20,713**	21,147
Premises	**18,161**	17,775
Other expenses	**4,513**	3,620
	98,830	98,172

	2022/23 £000	2021/22 £000
Other operating expenses include:		
Operating lease rentals:		
Land and buildings	**851**	1,295
Other	**719**	720
Auditors' remuneration for audit services for the year	**219**	120
Auditors' remuneration for prior year audit services recognised in the current year	**50**	11
Auditors' remuneration for non-audit services for the year	**14**	8
Auditors' remuneration for prior year non-audit services recognised in the current year	**6**	4

Auditors' remuneration for prior year audit services recognised in both 2022/23 and 2021/22 relate to additional fees charged in relation to the completion of the review of going concern up to the signing of the previous years' financial statements.

	2022/23 £000	2021/22 £000
Access and participation expenditure		
Access investment	**2,666**	2,460
Financial support	**3,248**	3,835
Disability support	**1,409**	1,344
Research and evaluation	**132**	49
	7,455	7,688

The total spend reported here includes £3,311k (2021/22: £2,919k) included in total staff costs and reported in Note 7.

The University's Access and Participation plan, agreed with the OfS, is available on the University website at: www.kent.ac.uk/applicants/policies/access-and-participation-plan

10 Surplus/(deficit) on operations for the year

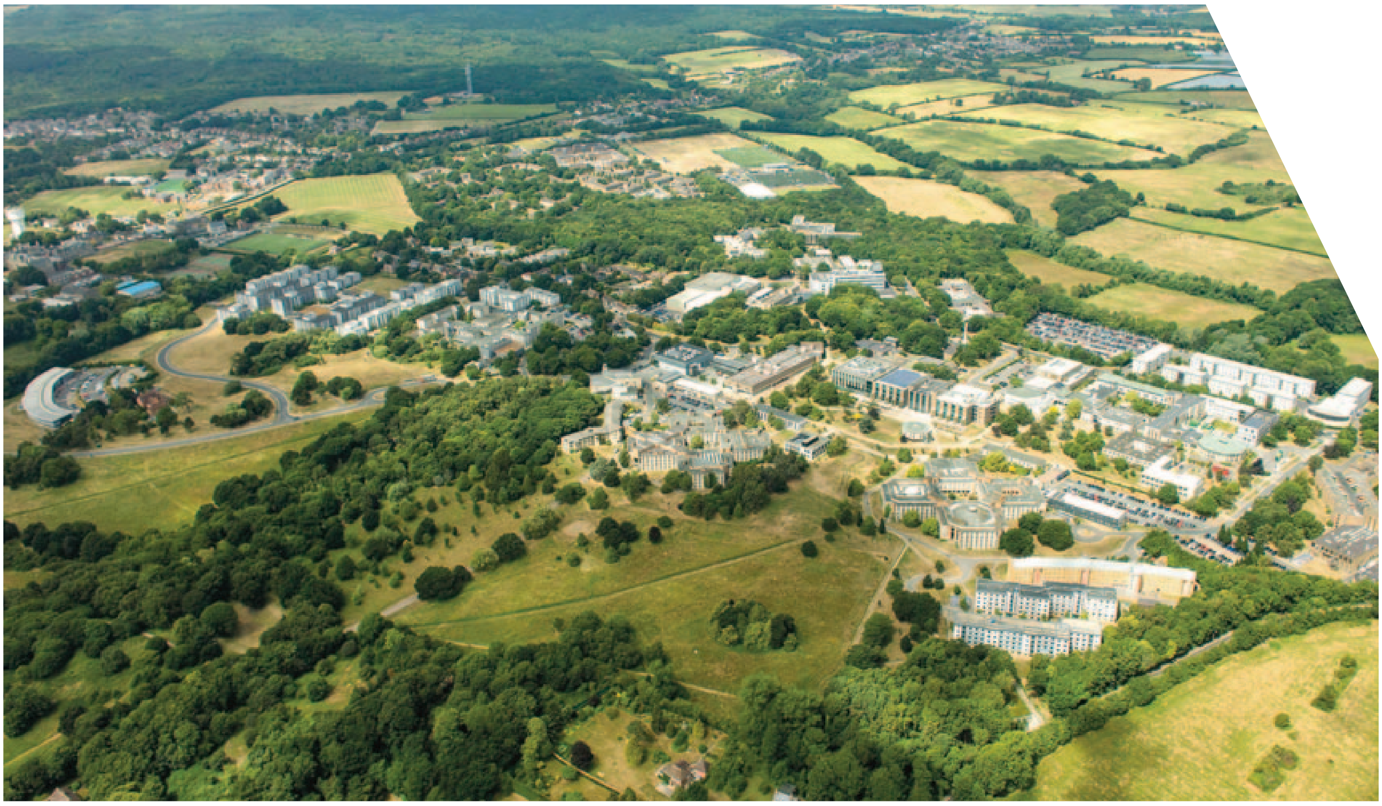
The surplus/(deficit) on operations for the year is made up as follows:

	2022/23 £000	2021/22 £000
University (deficit)/surplus on operations for the year	**4,913**	(65,375)
Surplus generated by subsidiary companies	**-**	-
	4,913	(65,375)

Details of the University's subsidiary company can be found in Note 14.

11 Intangible fixed assets

Software	Consolidated and University £000
Cost	
At 1 August 2022	**24,677**
Additions	**3,903**
Disposals	**(726)**
At 31 July 2023	**27,854**
Amortisation	
At 1 August 2022	**9,642**
Charge for the year	**3,305**
Disposals	**(726)**
At 31 July 2023	**12,221**
Net book value	
At 31 July 2023	**15,633**
At 1 August 2022	**15,035**



12 Tangible fixed assets

	Land and buildings £000	Service concession arrangement Assets £000	Assets under construction £000	Equipment and systems £000	Consolidated and University Total £000
Cost or valuation					
At 1 August 2022	574,694	10,172	545	32,948	**618,359**
Additions	2,882	-	-	3,148	**6,030**
Assets under construction	-	-	1,743	-	**1,743**
Transfers	486	-	(486)	-	**-**
Disposals	(1,157)	-	-	(1,104)	**(2,261)**
At 31 July 2023	576,905	10,172	1,802	34,992	**623,871**
Depreciation					
At 1 August 2022	208,657	1,820	-	25,627	**236,104**
Charge for the year	15,019	173	-	4,211	**19,403**
Disposals	(1,157)	-	-	(1,104)	**(2,261)**
At 31 July 2023	222,519	1,993	-	28,734	**253,246**
Net Book Value					
At 31 July 2023	**354,386**	**8,179**	**1,802**	**6,258**	**370,625**
At 1 August 2022	366,037	8,352	545	7,321	**382,255**
Financed by:					
Capital grant	42,956	-	796	2,061	**45,813**
Other	311,430	8,179	1,006	4,197	**324,812**
	354,386	8,179	1,802	6,258	**370,625**

Disposals of Land and Buildings and Equipment in the year relate to the removal of fully depreciated assets, from both cost and accumulated depreciation.

Land was acquired both by gift and purchase (historic cost of £5.8m) and is stated at a valuation of £131.7m (2022: £131.7m) and not depreciated. A valuation was prepared by Gerald Eve LLP, a regulated firm of surveyors, in accordance with the requirements of RICS Valuation – Professional Standards April 2015, on a fair value basis as at 31 July 2014, and is reported under the special assumptions to exclude any development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced. The land was included in the Balance Sheet at this valuation, which was taken forward as deemed cost under the exemption on transition to FRS102 and the excess of the valuation over original cost was taken to the General Reserve. As at 31 July 2023 a review of property values has found no indications of impairment as defined in section 27 of FRS102.

No interest has been capitalised in the year (Note 8). Total interest capitalised to date included in the cost of land and buildings, amounts to £2.7m at 31 July 2023 (2022: £2.7m).

13 Service concession arrangements

The University has two service concession arrangements where delivery has commenced. These relate to the student accommodation at the Turing and Keynes developments, built and operated by UPP Limited. For the Keynes Extension the minimum guarantee had expired before 1 August 2014, therefore no liability is recorded in these financial statements. For Turing College the minimum guaranteed payment period expired during 2014/15, therefore no liability is recorded in these financial statements.

The assets relating to these agreements are held within fixed assets and depreciated over the life of their respective agreements.

14 Fixed asset investments

	Consolidated and University 2023 £000	2022 £000
Cost of investment in other companies (including spin-out companies)	**65**	65
Investment in funds	**1,340**	1,368
	1,405	1,433

Name of subsidiary company	Holding	
Kent Enterprise Limited	100% owned	Dormant

15 Trade and other receivables

	Consolidated		University	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Amounts falling due within one year:				
General receivables	**7,153**	9,843	**7,153**	9,843
Research grants and contracts	**13,537**	9,389	**13,537**	9,389
Prepayments and accrued income	**8,577**	9,324	**8,577**	9,324
	29,267	28,556	**29,267**	28,556

Within General receivables is £1,085k (2022: 606k) which is owed by the University to related parties as at 31 July 2023. See note 28 for further details.

16 Current asset investments

	Consolidated 2023 £000	University 2022 £000
Short-term deposits	**841**	833
	841	833

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with less than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

17 Creditors: amounts falling due within one year

	Consolidated		University	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Bank loans due for repayment (Note 18)	**17,271**	9,050	**17,271**	9,050
Research grants received on account	**16,441**	15,211	**16,441**	15,211
Deferred income	**18,747**	13,764	**18,782**	13,799
Creditors and accrued liabilities	**26,223**	25,806	**26,223**	25,806
Taxation and social security	**6,323**	6,595	**6,323**	6,595
	85,005	70,426	**85,040**	70,461

Bank loans due for repayment within one year relate to amounts due under the financing arrangement with lenders due to the improved operating cashflow during the year. Further detail is provided in Note 18. Within Creditors and Accrued liabilities is £162k (2022: 72k) which is owed by the University to related parties as at 31 July 2023. See Note 28 for further details.

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Other grant income	**2,179**	3,791	**2,179**	3,791
	2,179	3,791	**2,179**	3,791

18 Creditors: amounts falling after more than one year

	Consolidated		University	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Borrowing secured on University land and buildings	**92,424**	101,348	**92,424**	101,348
Unsecured bank loans	**-**	-	**-**	-
Less: loans repayable within one year	**(17,271)**	(9,050)	**(17,271)**	(9,050)
	75,153	92,298	**75,153**	92,298
Other long-term liabilities	**5,897**	6,029	**5,897**	6,029
	81,050	98,327	**81,050**	98,327
Payable as follows:				
Due between one and two years	**5,665**	17,402	**5,665**	17,402
Due between two and five years	**18,233**	17,607	**18,233**	17,607
Due after five years	**57,152**	63,318	**57,152**	63,318
	81,050	98,327	**81,050**	98,327

	Amount £000	**Interest rate (%)**	**Term (years)**	**Maturity Date**
Lender				
National Westminster Bank PLC	2,841	6.98*	27	Jul 2024
National Westminster Bank PLC	5,367	6.63	25	Nov 2028
National Westminster Bank PLC	8,986	6.42	25	Oct 2030
Scottish Widows Limited	7,420	6.96	24	Jun 2029
European Investment Bank	43,961	4.00	25	Mar 2040
European Investment Bank	23,849	3.55	25	Sept 2042
	92,424			

* The rate for this loan is floating at 2.05% above SONIA, as at 31 July 2023 the interest rate was 6.98%

The above loans all meet the criteria for Basic Financial Instruments according to section 11 of FRS102.

The financial statements have been prepared based on the financial arrangement entered into on 29 January 2020, which was followed by a further agreement on 23 December 2020 to amend and extend the financial arrangement. This included an agreement of further terms applying to all existing borrowing facilities until 31 July 2024, including revision to the suite of financial covenants, harmonised across all three lenders.

These terms included a re-profiling of the existing repayment schedule, which capital repayments on all loans were deferred to April 2023, except where annual operating cashflow exceeds the level agreed in the plan, at which point some repayments become due during the following year. The amount of repayments due within one year relate to the application of this clause.

The agreement, specifically the deferral of some interest payments, gives rise to the effective establishment of new loans from the European Investment Bank (EIB). All deferred capital repayments are due for repayment by July 2024, with deferred interest payments to the EIB repaid during the 2021/22 year. All loans are remain secured against University owned land and buildings on both Canterbury and Medway campuses.

After the balance sheet date on 8 February 2024 a revised agreement was signed with all lenders. The new agreement revises the suite of financial covenants and payment terms. For further details please see note 31.

19 Provisions for liabilities

				Consolidated and University		
	Obligation to fund deficit on USS £000	Other pension £000	**Total pension provision £000**	Restructuring £000	Other £000	**Total other £000**
Balance at 1 August 2022	86,389	50	**86,439**	-	-	**-**
Utilised in the year	(4,145)	-	**(4,145)**	-	-	**-**
Additions/(release) in year	(16,087)	-	**(16,087)**	986	143	**1,129**
Balance at 31 July 2023	**66,157**	**50**	**66,207**	**986**	**143**	**1,129**

Pension deficit

The obligation to fund past deficits on the University's Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the agreed deficit recovery plan. In calculating this provision, management have estimated future staffing levels and salary inflation for the duration of the contractual obligation. Key assumptions are set out below and further information is provided in Note 30.

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan was agreed during 2021/22. This new plan requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3% of salaries from 1 April 2024 onwards. As a result of change in the Schedule of Contributions agreed with the USS Trustee and the level of deficit contributions contractually committed to under the revised schedule, the deficit provision has increased by £54.6m in 2021/22. Further detail on the assumptions used to calculate the provision are provided in Accounting Policy Q (Significant estimates and judgements). See also Note 7 (staff costs) and Note 30 (pension schemes).

Within Restructuring are the estimated costs relating to the closure of our Brussels site within the 2023/24 financial year.

The other provision relates to funds that have been earmarked for expenditure on student support services but the costs not been incurred.

20 Financial instruments

The carrying value of the University and Group's financial assets and liabilities are summarised by category below:

		Consolidated		University	
		2023	2022	**2023**	2022
	Note	**£000**	£000	**£000**	£000
Financial assets					
Measured at fair value through income and expenditure:					
Investments (including endowments)	14/16	**1,340**	1,368	**1,340**	1,368
Cash deposits	14/16	**841**	833	**841**	833
Cash and cash equivalents		**23,964**	30,479	**23,964**	30,479
Measured at undiscounted amount receivable:					
Trade and other receivables	15	**20,690**	19,232	**20,690**	19,232
Measured at cost less impairment:					
Investment in other companies	14	**65**	65	**65**	65
		46,900	51,977	**46,900**	51,977
Financial liabilities					
Measured at undiscounted amount payable:					
Trade and other creditors payable	17	**42,664**	37,276	**42,664**	37,276
Measured at amortised cost:					
Loans payable	18	**92,424**	101,348	**92,424**	101,348
		135,088	138,624	**135,088**	138,624

The University and Group's income, expenditure, gains and losses in respect of financial instruments are summarised below:

		Consolidated		University	
		2023	2022	**2023**	2022
	Note	**£000**	£000	**£000**	£000
Interest income/(expense):					
Interest receivable from financial assets measured at fair value through income and expenditure	5	**571**	106	**571**	106
Interest payable for financial liabilities measured at amortised cost	8	**(4,120)**	(4,880)	**(4,120)**	(4,880)
		(3,549)	(4,774)	**(3,549)**	(4,774)
Fair value gains/(losses):					
Loss on financial assets measured at fair value through income and expenditure		**(28)**	(64)	**(28)**	(64)
		(28)	(64)	**(28)**	(64)

21 Endowment reserves

	Unrestricted permanent £000	Restricted permanent £000	**Total permanent £000**	Restricted expendable £000	**Consolidated and University 2023 Total £000**	2022 Total £000
Balance at 1 August						
Capital	394	774	**1,168**	2,226	**3,394**	3,284
Accumulated income	-	167	**167**	240	**407**	455
	394	941	**1,335**	2,466	**3,801**	3,739
New endowments	-	-	**-**	82	**82**	479
Investment income	5	33	**38**	27	**65**	38
Expenditure	(5)	(61)	**(66)**	(328)	**(394)**	(392)
Decrease in market value of investments	(12)	(16)	**(28)**	-	**(28)**	(63)
Total endowment comprehensive income/ (expenditure) for the year	(12)	(44)	**(56)**	(219)	**(275)**	62
Balance at 31 July	**382**	**897**	**1,279**	**2,247**	**3,526**	3,801
Represented by:						
Capital value	382	773	**1,155**	1,983	**3,138**	3,394
Accumulated Income	-	124	**124**	264	**388**	407
	382	897	**1,279**	2,247	**3,526**	3,801
Analysis by purpose						
Chairs and lectureships	-	753	**753**	240	**993**	981
Student financial support	-	46	**46**	1,369	**1,415**	1,509
Prize funds	-	4	**4**	194	**198**	199
Other	382	94	**476**	318	**794**	859
Capital initiatives	-	-	**-**	126	**126**	253
	382	897	**1,279**	2,247	**3,526**	3,801
Analysis by asset						
Equities					**1,272**	1,275
Bonds					**-**	-
Cash and short-term deposits					**2,254**	2,526
					3,526	3,801

22 Restricted reserves

	Revenue grants £000	Donations £000	Consolidated and University 2023 Total £000	2022 Total £000
Balance at 1 August	68	1,022	**1,090**	946
New grants	-	-	**-**	-
New donations	-	466	**466**	493
Expenditure	-	(377)	**(377)**	(349)
Balance at 31 July	68	1,111	**1,179**	1,090

	2023 £000	2022 £000
Analysis by purpose		
Scholarships and bursaries	**906**	826
Research support	**32**	32
Prize funds	**68**	68
Other	**173**	164
	1,179	1,090

23 Cash and cash equivalents

	Note	1 August 2022 £000	Consolidated and University Cash flows £000	31 July 2023 £000
Cash and cash equivalents		30,479	(6,515)	**23,964**
		30,479	(6,515)	**23,964**

24 Consolidated reconciliation of net debt

	Note	2023 £000
Net debt 1 August 2022		**70,869**
Movement in cash and cash equivalents	23	6,515
Other non-cash changes		(8,924)
Net Debt 31 July 2023		**68,460**
Change in net debt		(2,409)

	2023 £000	2022 £000
Analysis of net debt:		
Cash and cash equivalents	**23,964**	30,479
Borrowing falling due within one year	**923**	9,050
Borrowing falling due after more than one year	**91,501**	92,298
	92,424	101,348
Net Debt	**68,460**	70,869

25 Capital commitments

	Consolidated and University 2023 £000	2022 £000
Contractual Commitments at 31 July	**5,374**	3,576

26 Financial commitments

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

	Land and buildings £000	Other £000	Consolidated and University Total 2023 £000	Total 2022 £000
Paid during year	851	719	**1,570**	2,015
Payable within one year	780	516	**1,296**	1,425
Payable within two and five years inclusive	1,008	1,219	**2,227**	2,473
Payable after five years	3,892	-	**3,892**	4,060
	5,680	1,735	**7,415**	7,958

During the financial year the University entered into a fixed contract for energy. As at the 2022/23 financial year end this has a value of £8.4m (2021/22 £5m) which will fall due in the 2023/24 financial year.

27 Contingent liabilities

A contingent liability exists in relation to the agreement with a third party contractor who continues to provide student residences it constructed on behalf of the University. Under this agreement the University is contracted to pay the difference between actual rooms occupied and an agreed minimum level of occupation. For the 2022/23 financial year this payment amounted to £1.4m (2021/22 £1.6m).

28 Related party transactions

Council members: expenses and related party transactions

During the 2022/23 financial year expenses totalling £3,014 (2021/22: £1,547) were paid to seven members of Council while acting in their role as Trustees (2021/22: 5 members). 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 shows transactions with related parties of the University, including members of Council (see page 19). All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length under normal market conditions and in accordance with the University's financial regulations and normal procurement procedures.

	Amounts receivable £000	**Amounts payable £000**	**Balance due to/(from) the University £000**
Year ended 31 July 2023			
Kent Union	5,362	3,151	843
Kent Union Trading Limited	-	33	(2)
KM Television Ltd	13	193	(4)
KMTV Creative Productions Ltd	285	(2)	150
Maidstone and Tunbridge NHS Trust	-	207	(3)
Medway Council	523	125	(71)
SAUL Trustee Company	11	-	3
The Royal Society of Biology	-	7	-
The Universities and Colleges Employers Association	-	14	-
GlaxoSmithKline	-	-	8

29 Linked charities

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

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

	2022/23 £000	2021/22 £000
Contributions to USS	**17,495**	16,673
Contributions to SAUL	**6,546**	5,081
Contributions to other schemes	**87**	68
Total pension cost (Note 7)	**24,128**	21,822

USS pension scheme

The total pension cost for the University charged to the Statement of Comprehensive Income in the year 2022/23 was £17,494,958 (2021/22: £16,672,506). This includes £1,448,296 (2022: £1,425,145) outstanding contributions at the balance sheet date. 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 2022/23 the percentage was 21.6% (2021/22 : 21.1% to 30 September 2021, then 21.4% to 31 March 2022 and 21.6% from 1 April 2022).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 ('the valuation date'), which was carried out using the projected unit method. Since the University cannot identify its share of the USS Retirement Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes 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 £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 actuarial valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from
Pension Increase (CPI)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a.Post-retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5 and initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2023	2022
Males (females) currently aged 65 (years)	**24.0 (25.6)**	23.9 (25.5)
Males (females) currently aged 45 (years)	**26.0 (27.4)**	25.9 (27.3)

The funding position of the scheme has been updated since the valuation date on an FRS102 basis:

Existing benefits	**2023**	2022
Scheme assets	**£73.1bn**	£88.9bn
Total scheme liabilities	**£71.1bn**	£115.4bn
FRS 102 total scheme surplus / (deficit)	**£2.0bn**	(£26.5bn)
FRS 102 total funding level	**103%**	77%
Key assumptions used are:		
Discount rate	**4.60%**	2.80%
Pensionable salary growth	**3.00%**	3.00%

The deficit recovery plan put in place as part of the 2020 valuation required payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024, at which point the rate will increase to 6.3% to 30 April 2038. The 2022 deficit recovery provision reflects this plan. Further information on the current provision for the deficit recovery plan is included in accounting policy Q – Significant Judgements and Estimates.

SAUL pension scheme

The University participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was contracted-out of the Second State Pension (prior to April 2016). SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings (CARE) basis.

The University is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL's statutory funding objective is to have sufficient appropriate assets to meet the costs incurred by the trustee in paying SAUL's benefits as they fall due (the 'technical provisions'). The trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The technical provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the trustee and employers in June 2021.

At the 31 March 2020 valuation SAUL was 94% funded on its technical provisions basis. However, market movements following the valuation date were positive and the trustee and employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its technical provisions basis at that date, no deficit contributions were required. However, the trust and the employers have agreed that the ongoing employers' contributions will increase from a rate of 16% of CARE salaries to 19% of CARE salaries from 1 April 2022 and to 21% of CARE salaries from 1 January 2023.

The University is a participating employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. The market value of SAULs assets as at 31 March 2023 was £3,096m representing 125% of the estimated liabilities.

It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. The University accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraph 28.11 of FRS102.

As there was a technical provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL has a technical provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (ie. the present value of any deficit contributions due to SAUL) to be recognised by the University.

The SAUL pension cost for the University was £6,546,211 (2021/22: £5,080,554). This includes £548,581 (2022: £486,769) outstanding contributions at the balance sheet date.

31 Post balance sheet events

On 8 February 2024 the University signed a new refinancing agreement with its lenders. This new agreement releases £8.7m to the University, that had fallen due to lenders but had been paid into a Trust Account between May 2023 and January 2024, whilst discussions were underway. These amounts were previously shown as £6.7m in the Balance Sheet at 31 July 2023. The new agreement reprofiles scheduled capital repayments due in the period from February 2024 to March 2026.

On 8 February 2024 the University also entered into a lease and leaseback transaction exchanging the leasehold on one of its student residences properties for £30.3m. National Westminster Bank PLC had first ranking security over the property and agreed that £15.2m of this sum repaid to them to reduce the loan balance held with them, the remaining balance of £15.1m being available for use by the University Overall the amounts due to lenders as at 8 February 2024 are as follows:

	£000s
National Westminster Bank PLC	5,393
Scottish Widows Ltd	8,202
European Investment Bank	45,544
European Investment Bank	24,529
Total	**83,668**

On 8 February 2024, the University signed an agreement for a short-term funding facility, the maximum draw-down in any one period being £20m to assist with operational cashflow seasonality. The agreement makes available up to £20m between 2 April 2024 and 16 May 2024 and again between 2 April 2025 and 15 May 2025, and up to £10m between 1 August 2024 to 17 October 2024, and again between 1 August 2025 to 16 October 2025.

32 US Department of Education financial responsibility supplemental schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:
- prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary reserve ratio

Line item/related disclosures	Expendable net assets	2023 £000	2023 £000	2022 £000	2022 £000
SOFP (Unrestricted reserves/general reserve)					
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		**204,322**		199,223
SOFP (Restricted reserves)					
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		**4,705**		4,891
Note 28					
Statement of Financial Position – Related party	Secured and unsecured related party receivable	**6,168**		4,967	
Note 28					
Statement of Financial Position – Related party receivable and related party note disclosure	Unsecured related party receivable		**6,168**		4,967
Note 12					
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment net (includes construction in progress)	**370,625**		382,255	
See Supplemental Note PPE – A					
Statement of Financial Position – Property, plant and equipment, net – pre-implementation	Property, plant and equipment – pre-implementation		**324,020**		337,128
See Supplemental Note PPE – C					
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment – post-implementation without outstanding debt for original purchase		**44,803**		44,582
See Supplemental Note PPE – B					
Note of the Financial Statements – Statement of Financial Position – construction	Construction in process		**1,802**		545
Note 11					
Statement of Financial Position – Intangible fixed assets	Intangible assets		**15,633**		15,035
Statement of Financial Position (Pension Provisions)					
Statement of Financial Position – Post employment and pension liabilities + split of pensions from short term creditors	Post-employment and pension liabilities		**69,163**		89,268

Primary reserve ratio (continued)

Line item/related disclosures	Expendable net assets	2023 £000	2023 £000	2022 £000	2022 £000
Note 18					
	Long-term debt – for long term purposes		**81,050**		98,327
Note 18					
	Long-term debt- for long term purposes pre-implementation		**81,050**		98,327
Note 21 – Restricted Expendable					
	Term endowments with donor restrictions		**2,247**		2,466
Note 21 – Restricted Permanent					
	Net assets with donor restrictions: restricted in perpetuity		**897**		941

Line item/related disclosures	Total expenses and losses	2023 £000	2023 £000	2022 £000	2022 £000
Statement of Comprehensive Income and Expenditure (total expenditure not including pension provision and endowment expenditure for the year and restricted expenditure for the year)	Total expenses without donor restrictions – taken directly from Statement of Activities		**266,175**		251,954
Statement of Comprehensive Income and Expenditure (loss on investments – gain on sale of tangible assets)	Non-operating and investment (gain)		**3**		(963)
Statement of Comprehensive Income and Expenditure ((gain)/loss on investments)	Net investment (gain)/loss		**28**		64
Statement of Comprehensive Income and Expenditure (pension provision)	Pension-related changes other than net periodic costs		**-**		74,904

Equity ratio

Line item/ related disclosures	Modified net assets	2023 £000	2023 £000	2022 £000	2022 £000
SOFP (Unrestricted reserves/general reserve)					
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		**179,367**		199,223
SOFP (Restricted reserves)					
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		**4,705**		4,891
Note 28					
Statement of Financial Position – Related party receivable and related party not disclosure	Secured and unsecured related party receivable	**6,168**		4,967	
Note 28					
Statement of Financial Position – Related party receivable and related party not disclosure	Unsecured related party receivables		**6,168**		4,967

Equity ratio (continued)

Line item/related disclosures	Modified assets	2023 £000	2023 £000	2022 £000	2022 £000
SOFP – Non-current assets and current assets					
Statement of Financial Position	Total assets		**442,418**		459,306
Note 28					
Statement of Financial Position – Related party receivable and related party note disclosure	Secured and unsecured related party receivable	**6,168**		4,891	
Note 28					
Statement of Financial Position – Related party receivable and related party note disclosure	Unsecured related party receivables		**6,168**		4,891

Net income ratio

Line item/related disclosures		2023 £000	2023 £000	2022 £000	2022 £000
Statement of Changes in Reserves (Unrestricted/total comprehensive income for year)					
Statement of Changes in Reserves	Change in net assets without donor restrictions		**5,099**		(65,581)
Statement of Comprehensive Income (Total income – investment income + gain on sale of tangible assets)					
Statement of Comprehensive Income	Total revenue and gains		**270,731**		261,235

Supplemental note – PPE

		2023 £000	2022 £000
A	Pre-implementation PPE	**324,020**	337,128
B	Construction in progress	**1,802**	545
C	Post-implementation PPE – with no outstanding debt	**44,803**	44,582

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