

2024

University of  
**Kent**

# ANNUAL REVIEW AND FINANCIAL STATEMENTS

WE STAND FOR AMBITION.



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# Introduction by the Vice-Chancellor and President

**As we look ahead to our 60th Anniversary, our latest set of accounts reflect a further period of change in what remains a turbulent period for Higher Education. Significant progress continues to modernise our offer, with a renewed focus on student priorities supported by outside investment in new teaching equipment and facilities.**

A great deal of work has been undertaken to refocus our portfolio, with a closer connection to what students are looking to study and increased employability links built into courses. What students want and expect from university is changing and we are making sure we are well placed to respond, with the rise to 40th in the Times / Sunday Times University League Table a welcome reflection of the progress being made across areas.

All of this also sits alongside our core activity at the University, which this year has meant absorbing a significant reduction in income due to the knock-on effect of a fall in international recruitment. Increased competitiveness has had an impact across the sector and, like many, we have had to respond by reducing our running costs. These are difficult but necessary steps to ensure we are set up as effectively as possible, protecting and enhancing our students' experience while having team structures and ways of working that support our longer-term sustainability.

This work sits alongside over-arching plans to align all of our activity with what students, employers and the Government are looking for. This report showcases how we increase equality of opportunity, support economic growth and play a lead role within our region. Independent analysis showed we contribute £0.9bn each year to the local economy, while key partnerships like the University of Kent Academies Trust help us connect with teachers and support the next generation of students. Our groundbreaking Right to Food initiative also continues to grow, linking students with volunteering opportunities in the community that promote our goal of ensuring everyone can access healthy and affordable food.

Alongside outstanding education, research underpins much of what we do, helping to shape a better world here and internationally. Our new Centre for Advanced Diagnostics Development and Application and work with High Speed 1 to power sustainable energy are two recent examples of how our expertise is linking with industry to drive meaningful change. We are always working to build closer links with business and employers, ensuring we are helping address the problems they face and that the graduates we develop have the skills needed to address local and national need.

As we look ahead to our anniversary in 2025/26, we have a rich and important history to celebrate with much to be proud of. Kent has always had strong roots in opening up education to all, founded initially to offer something new in the sector and with wide support for the skills and knowledge we would bring to our region. Throughout the last six decades we have continually adapted along with the sector, with the one constant being the impact of our thousands of graduates across every sector, from business and politics to technology and the creative industries. As the sector faces significant change once again, embracing new opportunities and remaining visionary in our approach will be critical in the face of wider funding challenges. Our renewed focus on student and Government priorities sets us up well for a new chapter for the University, firmly rooted in our place as a civic institution and delivering high quality education in ways that open up access and opportunities for all.

All of this is only possible thanks to the talent, effort and ingenuity of our fantastic students and staff, along with the wise counsel of our many supporters. My thanks to all of you for your continued commitment throughout the last year.

**Professor Georgina Randsley de Moura**

Acting 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. //

# Modernising our education offer

**The Higher Education sector continues to evolve at pace, driven by changes in students' expectations as new generations look for different things from universities. We've been working on significant changes to our offer at Kent to reflect this, making sure students get the best possible teaching with great support and employability skills built in along the way.**

From September 2025 our Education Modernisation programme will see us move to a new academic year structure, with three ten-week terms for undergraduates with exams and assessments at the end of each. Students will study two 20-credit modules per term, giving them a chance to go through topics in more depth and spend more time benefitting directly from time with their lecturers.

This also means we can produce more straightforward timetables, with one day a week kept free so that students can more easily build work and extra-curricular activity around their studies.

This is supported by a revised curriculum shaped around what students are looking to study in the future, with a renewed focus on employability incorporated throughout. This includes bringing in more authentic assessment, where we include more practical tests based on things relevant to both students' studies and their future plans. We're also working to build in more links with employers in how we shape courses, so students get that academic expertise plus a proper connection to the jobs they are looking for at the end of it.

State-of-the-art facilities are also key part of inspiring students and ensuring they get industry-level experience while they are with us. Our School of Arts and Architecture is benefitting from a refurbished studio space, co-designed with students and staff to create an environment that supports cross-participation and drives their ambition. A new experimental ballistics facility has been added in our School of Natural Sciences with funding from the Office for Students, presenting unique training opportunities for Forensic Science students in what is the first-of-its kind for undergraduate students in the UK. High-performance computing suites are also being installed to help the coders and tech experts of the future.



# Making the world a better place

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We are determined that, wherever they come from, students at Kent get everything they need to meet their ambitions, from outstanding teaching with experts in their fields to support and experience that inspires their future.



## Breaking barriers

Javine Ebrubah came to Kent via the Amazon Future Engineer Scholarship, creating new opportunities for budding industry leaders to get into Computer Science.

// I was drawn to computer science because it challenges me to think both creatively and analytically, and I enjoy the sense of accomplishment when I successfully solve complex problems through coding. //

// Coming to university, walking into the lecture, I thought I would see just rows of men doing computer science, and I was so surprised to see so many girls. During secondary school the majority of my class was male. There were a few times when I'd overhear some of them downplaying the girls' achievements, like when we got a question right or did better than them on an assignment. For me it only fuelled me to be better in order to prove them wrong. To show that I am as good if not better. //





## Growing our global community

We are proud of our international make-up and work throughout the year to both welcome students from a wide range of backgrounds to Kent and support education delivery in other areas of the world too. In October 2024 we entered a new partnership with Beaconhouse International College in Pakistan, giving HND Business students in the country the opportunity to complete a one-year top-up programme from Kent and graduate from the University. These courses are delivered across Islamabad, Faisalabad and Lahore, giving students new opportunities to achieve their academic goals.

// We are delighted to have partnered with Beaconhouse International College, who are one of the world's leading providers of transnational education. This reflects our ambitions to further grow our global community through high-quality education with organisations who share our values and complementary expertise. //

**Professor Georgina Randsley de Moura**  
Acting Vice-Chancellor and President

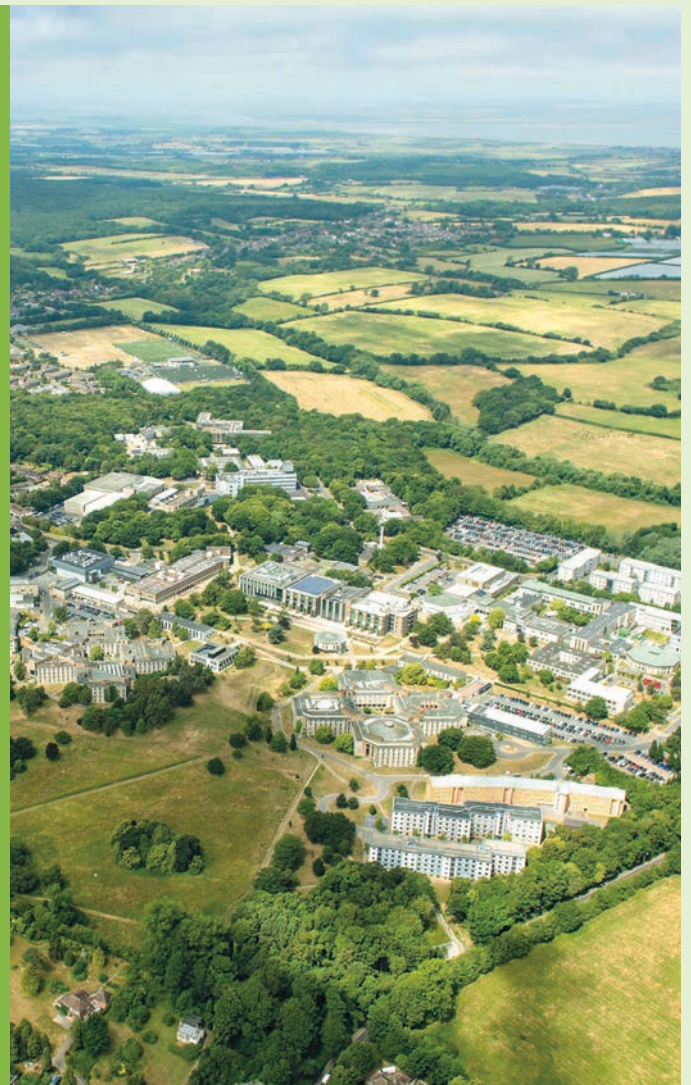
## Driving success in our region

Since our University was founded 60 years ago, we have always been deeply proud of our place within Kent. Universities have a unique role in driving the success of their regions, bringing people and ideas together and attracting investment and talent. This is central to how we work as a University, with a number of initiatives underway that celebrate how we work with others to help the success of the county.

This is also shown in the economic footprint of the University, with an economic impact of more than £900m to the South East every year. New independent analysis from Viewforth Consulting prepared this year showed that more than 13,000 jobs in the area were dependent on University activity, with combined student off-campus spend across Canterbury and Medway close to £100m per year.

Partnerships across Government, education and business are integral to this and we continue to forge new links wherever we can. Through the University of Kent Academies Trust we sponsor two local schools, including a joint sixth form, while we recently joined the East Kent Schools Together partnership to help further drive our work to widen participation across areas. Our Right to Food initiative received Green Gown recognition for its focus on sustainability, partnering with charities and student groups with the aim of ensuring everyone has access to affordable, healthy food. Our award-winning Law Clinic and Parkinson's Centre for Integrated Therapy also provide direct services locally to those that need it, ensuring we broaden the impact of our research and staff across the county.

In line with the Government's vision for universities, this vital civic role will remain central to our plans for the year ahead, with our 60th anniversary giving us new ways to bring people together and celebrate the power of collaboration. Throughout the year we will be creating new ways and new platforms for us to support others, ensuring we continue our legacy of being at the heart of our county and region.





### Siemens partnership

#### Powering carbon reduction

In a major step forward for our ambitious sustainability plans, Kent is working in partnership with Siemens to cut carbon emissions by 50%. Following a detailed audit of activity across our campuses, the global technology company will help deliver a roadmap to a greener Kent. This includes improved building management systems, better lighting and new solar panels to make us more energy efficient.

Andrew Smyth, Head of Sustainability, SI-Buildings GB&I, Siemens UK and Ireland, said: 'Decarbonising large estates represents a huge challenge for the higher education sector, and this type of collaboration will be vital in supporting institutions across the UK in achieving net zero. Our strategic plan puts the University on a path to eliminating emissions while reducing fixed costs, improving energy demand management and updating ageing infrastructure through digital transformation.'



### Shaping the future of society

We continue to build on our history of excellent research and innovation, driving meaningful solutions for business and delivering lasting benefits for the wider public. In line with our ambition to double research and innovation income by 2029/30, we want to further develop our track record delivering this through partnership with private, public and third-sector bodies. We are also working to expand on areas with a record of world-class research, as evidenced by the most recent REF results (REF 2021).

Areas of expertise include Health & Social Care, Environment and Sustainability and Future Society, with leading experts in their fields collaborating with industry and others to drive meaningful change. Our new Centre for Advanced Diagnostics Development and Application (CADDa) is accelerating new ways of improving disease diagnosis, supported by £3.8m from Research England. A separate project launched this year will see Kent Business School academics working with HS1 to establish a locally produced clean energy source alongside the railway that can feed the local grid. Joint research with the Woodland Trust around the positive impact of nature on our wellbeing also attracted widespread media attention.

The Durrell Institute of Conservation and Ecology also received £8.3m to strengthen expertise in rewilding, the development of nature recovery networks and the role of community managed conservation areas across the world.

Through doing this we are always looking for ways to solve real-world problems that are affecting people here and now. This year saw our Centre for Child Protection was recognised with a National Impact Prize for a collaborative partnership with Kent Police that has led to interactive training around child sexual exploitation being delivered to police officers in the county. A new research-informed guide to support care homes with providing inclusive care for older LGBTQ+ people was also featured at the annual Care Show in Birmingham, with copies distributed across the country.



## Docking station

### Creative futures

Work is underway on our groundbreaking Docking Station building which will provide a new home for cultural and creative industries in Medway. Funded externally and delivered in partnership with Medway Council and the Historic Dockyard Trust, Docking Station will house cutting-edge technologies for one of the priority sectors in the UK economy, with exhibition and workshop facilities plus business incubation spaces for the next generation of gamers, creatives and film-makers. Set to open in 2026, Docking Station will be a key part of the creative economy in the South-East while providing inspiration to students and the wider community.



## A&H doctorates

### Doctoral Landscape Awards

Kent was one of the beneficiaries of new Arts and Humanities Council funding which will support 15 Arts and Humanities PhD students at Kent over the next five years. The award will support outstanding students to engage with the highest quality collaborative research training, supporting their career development and impact. The University will also join ten other universities as members of a regional Doctoral Landscape Hub, creating further opportunities for Arts and Humanities students to access support and opportunities across southern England.

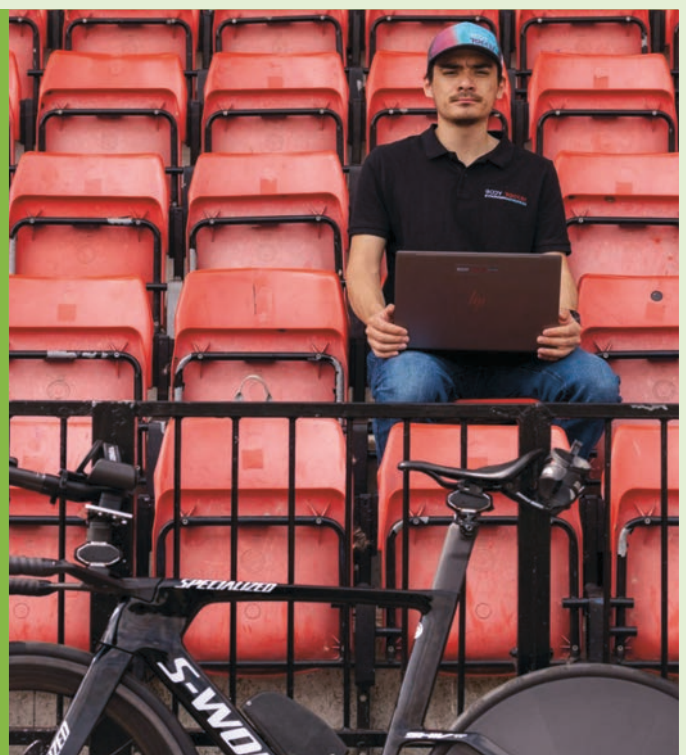


## Driving cycling performance

Combining his love of science, tech and cycling, Kent PhD student Callum Barnes is revolutionising the way Olympic and everyday cyclists can assess their performance. Through an industrial partnership with start-up Body Rocket, he is working with elite-level cyclists to investigate machine-learning in cycling.

// I wanted to make it possible for a rider to find their optimal position and track it in real time, while riding. Using the rich dataset produced by the Body Rocket system and machine learning, I have managed to do this while also giving riders the ability to see how well they were maintaining their position and to adapt depending on conditions. //

Callum Barnes  
PhD student



# FINANCIAL AND STRATEGIC REPORT

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## Financial highlights for the year to 31 July 2024

### Financial performance and investment:

	2023/24	2022/23	Movement
Total Comprehensive (Expenditure) / Income	£49.9m	£4.9m	↑ £45.0m
as % total income	18.6%	1.8%	
<b>Underlying financial performance</b> (see financial performance)	<b>(£6.3m)</b>	<b>(£12.0m)</b>	↓ £5.6m
Adjusted Net Operating Cashflow (ANOC) <sup>1</sup>	£0.7m	£11.4m	↓ £10.7m
as % total income	0.3%	4.2%	
Total income	£268.4m	£271.3m	↓ £2.9m (-1.1%)
Tuition fee income	£158.6m	£157.0m	↑ £1.6m (+1.0%)
Residences and catering income	£44.6m	£41.4m	↑ £3.2m (+7.8%)
Staff expenditure for the year <sup>2</sup>	£147.2m	£156.9m	↓ £9.7m (-6.2%)
as % total income	54.8%	57.8%	
Capital expenditure	£11.5m	£11.7m	↓ £0.2m

### Liquidity, Debt and Financial Viability:

	2023/24	2022/23
Current asset ratio <sup>3</sup>	1.15	0.64
'Available cash reserves' <sup>4</sup> as days' expenditure	51 days	34 days
Net debt (Outstanding loans less cash held)	£78.6m	£68.5m
Net assets	£259.0m	£209.0m

- 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

In 2023/24 the University completed a refinancing with its lenders to provide the necessary financial foundation from which to commence the Kent 2030 transformation process in order to secure future performance and delivery of first class education. Operational financial performance for the year is better than 2022/23, with an underlying deficit of £6.3m, improved from £12m, largely as a result of cost management. Student Tuition fee income also increased compared to 2022/23 by £1.6m, although in a challenging recruitment environment this has fallen £1.9m short of our budgeted target. Cost-control and reduction measures have been in place throughout the year, including managing our non-pay expenditure and staff recruitment carefully. This ensured that the growth in non-pay spend in the year was kept at a managed level of only £1.1m, well below the level of inflation, and staff costs decreased significantly, by £9.7m, as a result of targeted efficiency initiatives and delays in filling of vacancies.

The University appreciates that continuing with an underlying deficit position is not sustainable over the long-term. In order to improve financial sustainability the University embarked on its 'Kent 2030' vision. This substantial programme of work aims to 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, our February 2024 refinancing arrangements with our lenders has provided financial headroom while this transformation takes effect. This has been supplemented by the raising of additional finance in-year through the lease and leaseback transaction of the Tyler Court residences and from realising value from surplus assets such as the sale of the Rochester and Gillingham buildings at the Medway campus post year-end.

The statutory reported performance for the year is a surplus of £49.9m, but this includes a full unwinding and release of the remaining £61.4m pension deficit provision that had arisen at the March 2020 actuarial valuation of the Universities Superannuation Scheme (USS) but which no longer applies following the move to a surplus funding position in the March 2023 actuarial valuation. 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. Underlying financial performance as adjusted for capital grants, pension provision releases redundancy costs and an asset write-down was a deficit of £6.3m. This positive variance to both the budgeted position and the prior year was partly due to a reprofiling into 2024/25 of some activities being undertaken in the implementation of the Kent 2030 transformation, as well as lower spend on staff pay careful management of non-pay expenditure.

Cash balances increased by £12.0m during the year, largely due to the net retained proceeds arising from the Tyler Court lease and leaseback transaction. This transaction, giving rise to a new finance lease liability, was completed in February 2024 and generated gross proceeds of £30.3m, of which £15.2m was used to repay existing loan debt and £15.1m was retained to fund the investment in our transformation. This has helped to improve short-term liquidity and forms part of the year-end cash balance of £35.9m, equivalent to 52 days of expenditure, above the University's financial framework minimum threshold of 40 days, and ahead of our budgeted year-end position. Our balance sheet position has also strengthened, with a current asset ratio of 1.14, higher than last year, which largely reflects our improved cash position at year end.

For 2024/25 student recruitment has been challenging across the sector and the University has seen a fall in new student admissions compared to the 2023/24 year. This increased competition has been observed across the sector with higher tariff institutions targeting the recruitment of UK undergraduate students more intensively to address shortfalls in international students caused by UK visa restrictions. The current forecast for the 2024/25 full year is that we will again make a deficit, of approximately £15m, including £5.4m of costs to continue the Kent 2030 transformation. In response to this significant income generation challenge the University has rebased its Kent 2030 plan to realign with the trends and behaviours being seen in the current recruitment environment, and with an increased emphasis on cost reduction programmes. Alongside this, a renegotiation of performance covenants with lenders has also been agreed to take into account the rebasing of this plan and the revised targeted performance over the coming years.

The University has reviewed its future outlook and the profile of risks it faces alongside its ability to mitigate these risks promptly to ensure renewed banking covenants can be met. These risks include ongoing challenges with student recruitment, in an increasingly competitive sector and the potential for 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 ended 31 July 2024 of £49.9m. However, this includes the unwinding of the pension provision referred to previously. The deficit excluding the unwinding of the pension provision is £11.4m which is £11.0m better than the budget for the year, largely due to lower than budgeted spend on the Kent 2030 transformation, lower staff pay costs and control of non-pay expenditure. The table below, shows the reported statutory surplus for the year, which after being adjusted for the pension provision movement as well as a number of other non-operational, significant one-off items gives rise to an underlying financial operational deficit of £6.3m for the year.



The reconciliation of these two amounts is shown below:

	2023/24	2022/23	Change
	£000	£000	(%)
<b>Total underlying income</b>	<b>267,284</b>	270,569	↓ -1.2%
<b>Total underlying expenditure</b>	<b>(273,684)</b>	(282,513)	↓ -3.1%
<b>Unrealised gain /(loss) on investments</b>	<b>65</b>	(28)	
<b>Underlying financial operational performance</b>	<b>(6,335)</b>	(11,972)	↑ -47.1%
In-year movements in pension scheme deficit provision (release against contributions paid plus finance cost)	<b>4,735</b>	4,145	
Cost of redundancy arising from major restructuring	<b>(4,385)</b>	(4,080)	
One-off capital grants & donations recognised in year	<b>1,128</b>	730	
<b>Deficit from operations</b>	<b>(4,857)</b>	(11,177)	
One-off movement in pension scheme deficit provision following completion of 2020 valuation & changes to discount rates	<b>61,422</b>	16,087	
Impairment loss on Fixed Assets	<b>(6,624)</b>	-	
Sale of tangible assets	-	3	
<b>Statutory Surplus for the Financial Year</b>	<b>49,941</b>	4,913	

The underlying financial performance shown in the table, is a deficit equivalent to -2.4% of underlying income (2022/23: -4.4%). This is an improvement on 2022/23 as a result of a reduction in pay expenditure following the effectiveness and efficiency review across professional services departments and enhanced controls on non-pay expenditure; however, performance as measured by EBITDA as a percentage of income of 3.1% remains below the 11% target level set out in the University's Financial Framework, which aims 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 0.3% (2022/23: 4.2%) also falls below our internal target of 9%. The University is working to improve both financial sustainability and the offering to students as core aims of the Kent 2030 transformation plan.

## Income

Total income decreased by £2.9m (-1.1%) in the year to £268.4m, with decreases in funding body grants and research grants and contracts, which is partly offset by increases in tuition fee income, investment income and donation and endowment income.

Income from tuition fees and education contracts increased by £1.6m overall during the year. Student recruitment continues to be challenging with increased competition for UK undergraduate students affecting the in-year intake. We are, however, seeing increasing numbers of students continuing in their studies, following a dip in continuation rates 2022/23 which had been caused by the cost of living crisis. Within this overall year-on-year movement there was decreased income from overseas students of £2.4m, offset by an increase of £3.4m from full-time home students and £1.2m from part-time students. Work to review the attractiveness and employability focus of the academic offer, through our Education Modernisation activity, is nearing completion, alongside enhanced marketing initiatives and continued work 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 £4.3m lower than last year. 2022/23 saw additional investment in research priorities from Research England, including Postgraduate supervision, research culture and talent & stabilisation, which was not the case in 2023/24.



The recurrent teaching grant, receivable from the Office for Students, has also decreased by £1.1m. In addition, capital grants of £1.0m (2022/23: £1.7m) 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 decreased by £1.6m (8.8%) in the year to £16.9m, due to a challenging and competitive environment for new awards. Income levels are expected 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 school based teams 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 £3.2m during the year. Catering income has increased by £0.7m since last year 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 decreased by £1.9m during the year to a total of £14.5m. This is largely due to a one-off release of £2m of income in 2022/23 which was received in prior years but only met income-recognition criteria that year. £1.1m in capital grants was credited to income as work commenced on the planning and design of the Docking Station at Medway with capital spend incurred (as noted in the "Capital Expenditure and Long-term borrowing" section.) 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 completed in 2026. Construction work on this facility commenced in January 2025, following a detailed planning and design period.

## Expenditure

Staff pay expenditure, excluding exceptional costs relating to major restructuring and movements in the pension provision, decreased by 6.2% in the year to £147.2m. Much of this was due to the impact of the effectiveness and efficiency programme, which was implemented in the year and saw a consolidation of Professional Services delivery as well as driving cost efficiencies, together with increased controls across pay expenditure in the year.

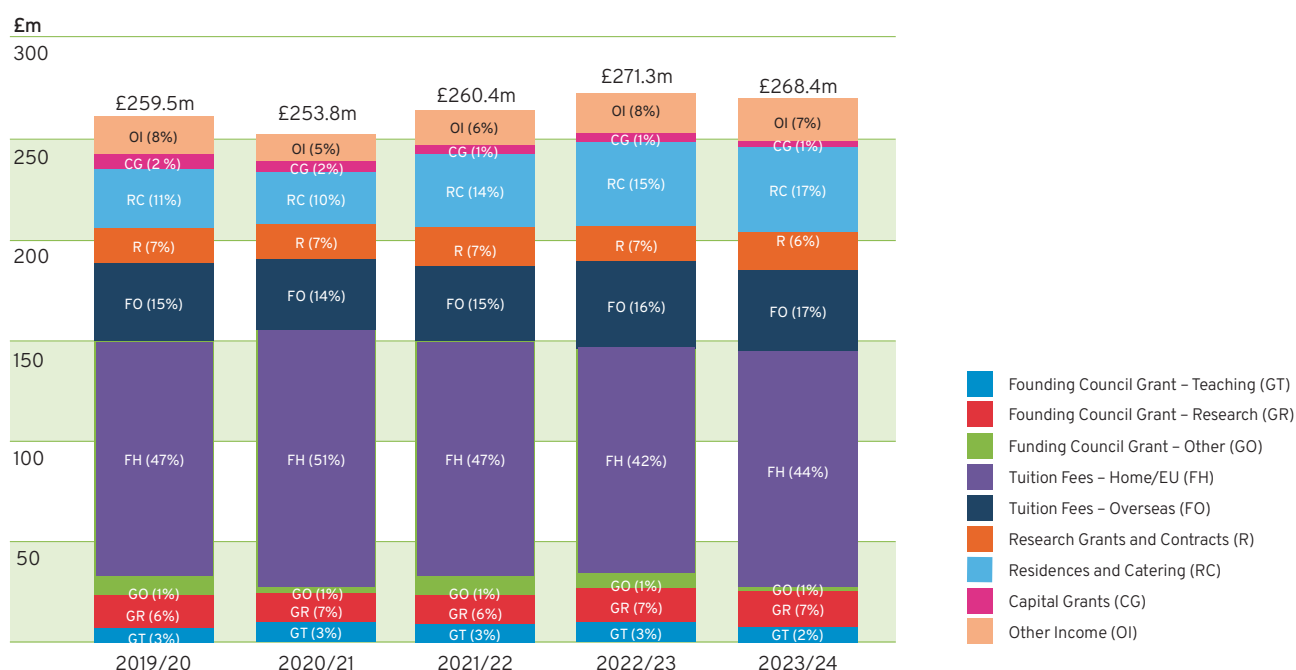
Total average staff numbers have reduced during the year, with a decrease of 220 (7.4%) Full Time Equivalents (FTE).

The cost of pension contributions for staff has reduced in the year, as a result of lower staff numbers but also with a reduction in the employers' contribution rate for the Universities Superannuation Scheme (USS), which fell to 14.5% in January 2024 from 21.6% previously. The reduction in the rate was a result of a move from a significant deficit funding position to one of a surplus in the most recent actuarial valuation of USS. Contributions to the Superannuation of the University of London (SAUL) scheme have remained at 21% in the year, but since September 2024 have been reduced to 19% due to improved scheme funding levels. (See Note 30 for more details).

The University monitors its staff expenditure (excluding movements in pension provisions and costs of major restructuring) as a percentage of income, targeting an upper limit of 50% within its financial framework to ensure sustainability. During the year, this measure reduced from 57.8% to 54.8% assisted by the reduction in the USS pension scheme contributions and the savings delivered through the planned restructuring. Anticipated increases in income, over the longer-term, and, more particularly, ongoing reductions to staff costs in future years through delivery of the Kent 2030 Transformation Plan are expected to reduce the staff expenditure to income ratio further, with the eventual aim of returning this to levels at or below the targeted level of 50%.

Other Operating Expenses have increased by only £1.1m (1.1%) during the year to £99.9m. This reflects a tight programme of cost control and increased scrutiny of non-core spend.

## Analysis of income 2019/20 – 2023/24





Direct non-pay expenditure on running Academic Divisions has decreased to £6.2m during the year, due to the centralisation of many activities supporting these areas.

There has also been an overall reduction of £0.9m 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 £9.3m, including those funded by Research grants. This reflects the continued commitment of the University to widening access to higher education.

Interest paid on borrowing has increased by £1.5m during the year following the amended refinancing arrangements, the impact of the new Tyler Court lease and leaseback transaction and the addition of a further finance lease which has enabled the renewal of core IT services at the University.

## Cash flow

Net cash received from Operating Activities during the year was £5.9m, a decrease of £7.8m from 2022/23. This was largely due to working capital movements at year-end. Overall cash balances at the year-end increased by £12.0m to £36.0m. This is largely as a consequence of the retained net proceeds arising from the Tyler Court lease and leaseback transaction which provided a fresh injection of liquidity to fund the Kent 2030 transformation activity that is being undertaken over the next few years. The University monitors its available liquid reserves and aims to ensure cash levels held are equivalent to a minimum of 40 days' worth of expenditure, excluding depreciation, at any time; as at 31 July 2024 these liquid reserves represented around 51 days' expenditure (2023: 34 days), which is above this minimum level.

As at 31 July 2024 the University had net debt of £78.6m (2023: £68.5m) meaning that the cash and cash equivalents held were lower than the outstanding value of loans.

## Balance sheet

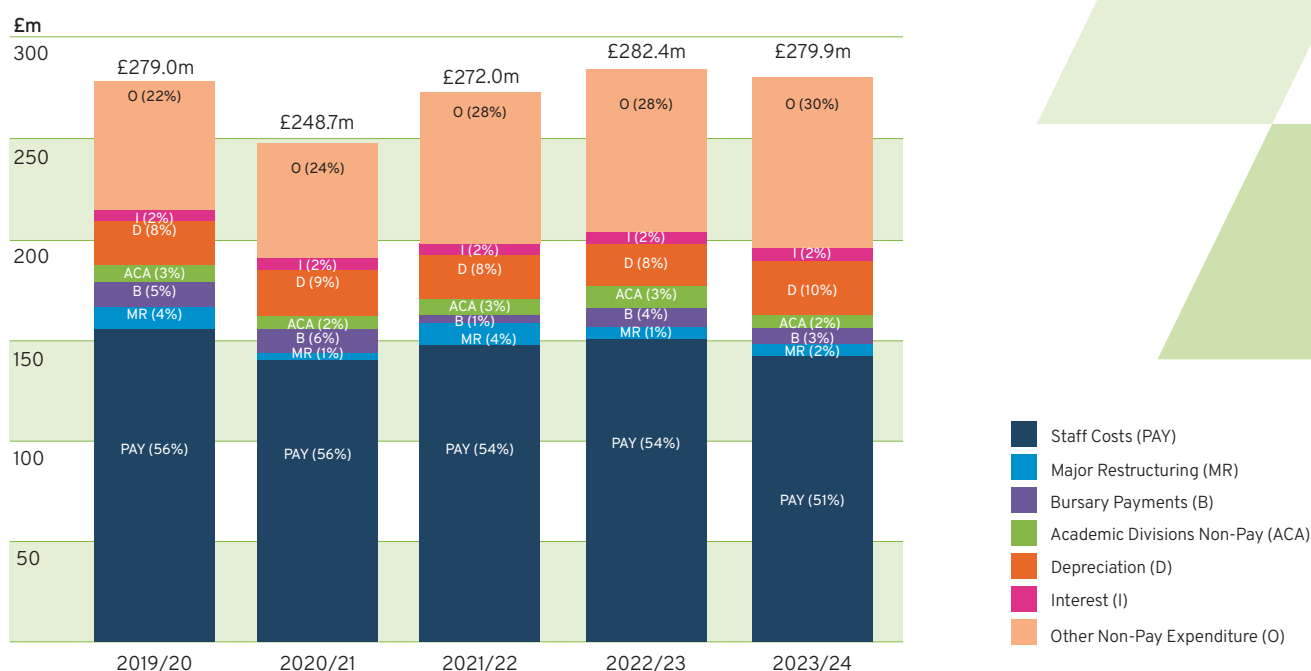
The University's and Consolidated Financial position has improved during the year, largely due to the release of the £66.2m remaining USS pension deficit provision, which offsets the underlying operational deficit for the year. As at 31 July 2024, there were Net Assets of £259.0m (2023: £209.0m) and there are net current assets of £8.9m (2023: £30.3m – net current liabilities) resulting in a current asset ratio of 1.15 (2023: 0.64). This improvement in net current assets is due to the higher cash balance and the rescheduling of short-term loan capital repayments. Receivable balances have increased again during the year, by £1.1m, with an increase in student and commercial debtor balances (+£5.0m) being largely offset by a net reduction in relating to research grants and contracts (-£3.1m). Gross student debt has increased by £2.1m and outstanding balances are being actively pursued alongside a new programme of engagement with current students to resolve fee payments, with effect from registration for the 2024/25 academic year.

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 as a consequence of the ongoing financial pressures and, with the exception of externally funded investment projects, is therefore being focused on ensuring compliance with Health & Safety regulations, addressing backlog maintenance or being targeted on projects that aim to improve student experience or support future income generation. Overall, expenditure for the year amounted to £11.5m (2022/23: £11.7m), with £1.7m of this being funded from external grants and donations. This included upgrades to campus infrastructure (£1.6m); development of new teaching facilities (£0.7m); enhancements to information systems including the new student attendance monitoring system (£0.5m) and the replacement of IT servers and storage areas under a finance lease arrangement (£3.6m). Planning and design work continued on a major new development at Medway, the

## Analysis of expenditure\* 2019/20 – 2023/24



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

Docking Station, a project which is being run in partnership with Medway Council and the Chatham Historic Dockyard Trust. This project aims to restore and regenerate a derelict Scheduled Ancient Monument known as the Police Section House, and will provide a new centre for creative digital production, education and community engagement; these capital works are expected to be wholly funded by external grants and donations, and in January 2025 construction work on site commenced. 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 five-year period to July 2029 totals £72.2m, including the grant funded Docking Station project and, if forecast performance is met, a ramping up of long-term maintenance and the recommencement of a cyclical student accommodation refurbishment programme. This compares to the £60.3m spent in the past five years to July 2024, a period where capital activity was impacted by COVID lockdowns. Due to expected challenges in income generation over the next few years 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 areas of backlog maintenance and improving efficiency. During the year, we signed a contract with Siemens Energy to provide and operate energy efficiency improvements to lighting in high-usage University buildings and the installation of rooftop solar for which we will make annual operating payments only. This work will enable us to improve our energy efficiency and reduce our carbon footprint while preserving our capital funds. We are reviewing future options to develop this partnership further.

Outstanding bank loan debt has decreased by £10.9m during the year, as a result of a significant repayment enabled by the new Tyler Court lease and leaseback transaction. During the year we have agreed and drawn two new facilities - a finance lease for new IT servers, totalling £2.6m as at July 2024 and the Tyler Court residences lease and leaseback transaction. Under this latter arrangement the university has signed a lease agreement for 150 years in exchange for an upfront capital sum of £30.3m, which is repaid by way of an annual rental charge, which increases in line with RPI. As at July 2024 the outstanding balance is £30.5m; this increase reflecting accrued interest which builds up over the earlier years of the lease term. Further detail is given in Note 18.

At the 2023/24 year-end, overall borrowing levels, including balances on finance leases, stand at 42.7% of total income (2023: 34.1%), with the increase due to both the higher level of the total outstanding debt balances and the decrease in income during the year.

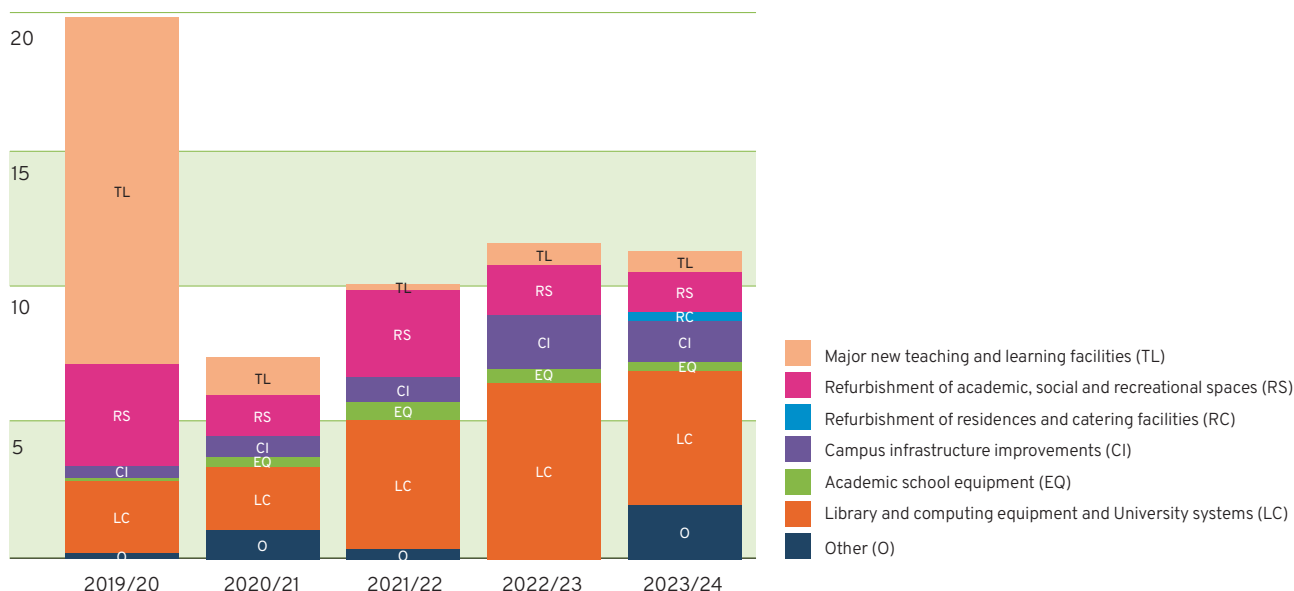
## Risks, future outlook and going concern assessment

### 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. Whilst an uplift to the 2025/26 UK Undergraduate tuition fee, has now been announced by the Government and will see this fee increase from the current level of £9,250 to £9,535, this is still subject to Parliamentary approval. This decision is welcomed as the real value of this fee, originally set at £9,000 in 2012 and having remained broadly static save for a minor uplift to £9,250 in 2017, had fallen to less than £6,500 at today's values. This being the main source of income for the University, has put considerable pressure on its ability to operate in a financially sustainable way.

This effective decline in the value of the fee, combined with unprecedented high inflation on running costs, particularly in high-cost and specialist operational areas, such as information technology and in the costs of consultancy, has given rise to challenging operating conditions over the last few years. In 2022/23 and 2023/24, Kent, along with a number of other UK HEIs, experienced higher than normal student attrition rates - likely due to changes in post-pandemic learning, the reintroduction of face-to-face exams and the cost-of-living crisis - and leading to an unexpected drop in fee income. Issues were also being seen in the collection of student debt, which were lagging normal profiles, putting pressure on cash reserves at peak times. Whilst retention issues have been largely resolved in 2024/25, through the introduction of more sophisticated and supportive mechanisms to monitor attendance and engage with students and the collection of income seems to be back on track, the University does not underestimate the challenging financial environment that our current and prospective students face into and the

### Capital expenditure 2019/20 - 2023/24



difficult choices that they have to make. With greater anxieties around the affordability of a university education, given current cost of living pressures, this places significant risk on the core income stream of many universities.

Previously, Kent and other HEIs have looked to the overseas markets to balance these income risks and to help mitigate the impact of the declining UK tuition fee. Government policies around access to family and post-study visas have, however, made the UK less attractive to international students and more difficult to gain access. This impacted the overseas student intake in September 2024 and whilst this had been largely anticipated from around the spring of 2024, the consequential, competitive effect on the conversion of UK students, who had applied and accepted places at Kent, was severe. This led to a further significant decline in income from UK tuition fees and, due to accommodation being reserved for these students and an expected positive intake through clearing, a loss in income from unlet rooms. The start to the 2024/25 financial year has therefore been extremely challenging.

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 Futures 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. A further risk from the continuation of the challenging operating environment is that the University will be unable to contribute as fully as we would wish to the government's objectives that Higher Education providers should make a stronger contribution to economic growth and to play a greater civic role in their communities. At Kent the impact and our mitigation of these risks is monitored regularly and whilst we make all efforts to ensure ongoing compliance, prioritising resources in these areas means that cutbacks will be required across other activities that may have brought more direct benefit to our students and their experience.

The University has been actively developing its response to these risks and challenges and, in February 2024 approved a bold and radical transformation plan (the 'Kent 2030' transformation plan). Together with c £15m funding generated through a lease and leaseback of existing student accommodation, the University's lenders are providing ongoing support to allow the University the time to deliver this plan. These financing arrangements have been further amended in April 2025 to take into account the additional challenges affecting income generation and to provide the University with a further period of time to right-size its operations and deliver a higher level of cost savings in order to return to a financially sustainable position.

## Future outlook

The Kent 2030 Plan launched in March 2024 aimed to return the University to a surplus performance by 2024/25 and to a sustainable operating position by 2027/28. However, the income generation challenges seen this year and expected to continue into the near future, have subsequently led to the rebasing of this Plan, with an updated "Rebased Kent 2030 Plan" now having been approved and shared with stakeholders. The main aims and objectives of this plan remain as before – to redevelop our academic strategy to focus on outstanding education and exceptional student experience, alongside world-class research and innovation in strategic areas that drive global impact and reputation – however, this has to be achieved alongside a right-sizing of the cost base, across both academic and professional services. It will continue to endeavour to improve our academic productivity and modernise educational delivery, with the launch of a new curriculum and academic term structure from September 2025.

One significant change in the Rebased Plan is an increased focus on the delivery of further cost savings across our operations, enabled by a consolidated approach to the delivery of professional services, under the leadership of a new interim Chief Operating Officer; this being informed by benchmarking data and with a strategy of adopting 'lean' spans and layers principles across our organisational structures. Much of this is being achieved through the crystallisation of vacancies and a university-wide voluntary severance scheme, which, together with the broader restructuring of all our activities, is expected to deliver savings





from the current year onward with a full-year impact of £19.5m next year. In addition, in the coming years, further efficiencies are expected to be delivered through improving processes, technology and partnership working, with significant work already having been undertaken to assess and progress these opportunities.

Implementation of these changes, alongside targeted investment to stimulate growth in key subject areas, through strengthened leadership, updated and employability-focused course content and closer working between academics and marketing and recruitment activities, will enable stabilisation of core income streams and, eventually, modest but sustainable growth. New approaches to the internationalisation strategy, aimed at maximising the effectiveness of the underlying activities, are also underway, including greater targeting of key markets and more support for students to increase participation. A more focused approach to research and innovation is also being driven forward, with a reprioritisation of resources into areas of excellence, together with a consolidation of all business development activities, bringing together global and lifelong learning, careers and employability and alumni and strategic partnerships. Overall, this aims to improve the financial performance of the University by bringing down its staff cost as a percentage of income to below 50% and moving overall performance towards a target 11% EBITDA as a percentage of income. Furthermore, we are continuing to take forward plans and consider options that will enable us to crystallise value from our land holdings and wider asset base; this being an essential component to our long-term debt-reduction strategy, as well as providing a means of funding future investment.

As part of the refinancing arrangements agreed in February 2024 and the more recent amendment in April 2025, to revise covenant thresholds, the University took significant steps to strengthen its balance sheet and protect its cash reserves, through a lease and leaseback of one of its student residences, together with a rescheduling of its existing debt repayment profile. This injected a net £23m liquidity into the University and agreed a profile of future debt repayments that was affordable, whilst still enabling the University to deliver its transformation and manage its risks. Further to this, it arranged short-term working capital facilities which were available at cash-low periods throughout 2024 and 2025 – a facility that, to date, has not been needed to be drawn on – and which has now been extended through to 2026, providing additional liquidity if required between March-May 2026 and August-October 2026.

This facility, which is forecast to be utilised during the period to July 2026, specifically helps to address the seasonal volatility in cashflows created by the current profiling of the Student Loan Company receipts of UK Undergraduate tuition fees and provides important liquidity risk mitigation. Together, these arrangements provide the funding platform, investment resources, financial resilience and time required to deliver the Rebased Kent 2030 plan and importantly return the University to a financially sustainable position.

For the current financial year and reflecting the income challenges that have been seen as a consequence of tuition fee income being £20m lower than anticipated and £15m lower than in 2023/24, the University has now approved revised plans that will see an operating deficit of c£15m in 2024/25. This includes further costs of restructuring of £6.1m, which aims to deliver a significant permanent cost reduction in pay and non-pay, as well as one-off costs of the Kent 2030 project of c£3m. The underlying operating performance for the year is therefore a forecast £6m deficit. As at 28 February 2025, despite the income shortfalls described above, but as a result of effective cost control and ongoing high levels of vacancies, the University's performance is ahead of the Rebased Plan forecast to date and its cash balances are significantly ahead (by c£26m) of profiled projections under this plan.

With a renewed and further-strengthened financial platform in place and with new plans well underway to enhance the levels of transformational funding available, as well as pay down long-term lender debt, delivery of the Rebased Kent 2030 Plan continues to move ahead, at pace. Looking further ahead into 2025/26, the positive impact of this transformational change will continue to be seen and, through the ongoing delivery of these plans, will improve performance steadily over the coming years and return the University to a surplus position by 2027/28. This is believed to be a realistic and prudent projection of financial performance, reflecting the highly competitive operating environment, the constraints over growing certain income streams and the time required to right-size the organisation without jeopardising the student experience or placing unfeasible demands upon our staff.

### Going concern statement

With the first six months' performance now delivered and in view of the renewed financing and funding facilities in place from 7 April 2025, 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, that underpins the Rebased Kent 2030 Plan and is supported by the updated financing arrangements, to consider a Plausible Worst-Case Scenario and, finally, to evaluate the resilience provided through the deployment of feasible and readily-identified financial mitigation measures to withstand further risk, a process known as Reverse Stress Testing. It should be noted that the University does not consider the mitigation measures identified to be an exhaustive list of all actions that would be undertaken in a downside scenario, but has been based on work undertaken to evidence the availability and quantum of such measures, providing assurance that these can be pulled. In practice, and as has been demonstrated in past years, the University would engage with its stakeholders to assess and understand the longer-term implications and work together to manage this situation, which would include deploying further mitigation measures should it consider that it was essential to do so. The University is also proactively seeking additional external funding, through a further proposed lease and leaseback transaction on existing student accommodation, which it hopes to conclude in the coming months.

In light of the challenges seen in 2024/25 student recruitment and the rebasing of the Kent 2030 Plan in response to this, amended covenant thresholds have been agreed with the University's lenders and are set at a level that is based on a significantly more prudent projected financial performance and with a flatter improvement trajectory, compared to the previous plan. As before, the Rebased Plan still aims to deliver a financially sustainable performance but over a slightly longer period, reaching a surplus position in 2027/28.

The Base Case of the University's Going Concern Assessment to July 2026, which extends beyond the standard 12-month look-forward period required, is derived from the first two years of the Rebased Plan, during which time the University plans to reduce its underlying deficit performance, drawing on existing cash reserves and the use of the short-term working capital facility at certain periods to support this. Projected recruitment in the 2025/26 Base Case has then been further adjusted to reflect a year-on-year reduction in applications that is being seen and assuming the same low level of conversion experienced in 2024/25, thereby assuming no improvement arises as a result of the marketing, recruitment and portfolio changes being implemented. In this case, the September'25 intake would be 10% (c530 FTE) lower than in September'24 and overall students would be c615 FTE lower; as a result, fee income in this base case could fall by £5.5m compared to the current forecast 2024/25 performance. Other movements in the 2025/26 base case performance, compared to 2024/25 include an increase in residences income of £2.8m (as a result of letting an increased number of student accommodation units to returning students), marginally increased research contribution of £0.3m (continuing the trend seen in 2024/25) and targeted net staff cost savings of £19.5m (to be achieved through a university-wide organisational restructure that is being substantially delivered through the crystallisation of existing staff post vacancies and a successful round of voluntary severance). Work is also progressing well in identifying and proposing a means of reducing losses from the University's catering activities and returning this activity, over a period of time, to a net surplus. Furthermore, the plan makes allowance for substantial costs associated with the transformation and the cost of the proposed restructuring.

As noted above, in view of the high levels of uncertainty around September 2025 student recruitment, the University's lenders have provided an increased level of headroom on the EBITDA performance covenant for 2025/26 which would enable the University to cope with the fee income downturn indicated above and as reflected in the Base Case. However, given the knock-on impact a further reduction in

recruitment would have on fee income in future years, the University is not intending to rely on this additional headroom but has already taken decisions to accelerate future planned recurrent savings as well as taking steps to identify and commit to deploying some short-term cost reduction measures. Readily-identified mitigating measures, amounting to £18.5m in 2025/26, include: utilising contingency and strategic investment budgets as well as removing budgets no longer required (£2.2m); reducing overall levels of expenditure (£9m) by accelerating future planned staff cost savings, deploying measures to constrain these costs as posts become vacant and deferring or cancelling non-essential non-pay; reducing capital expenditure (£3.5m); and if necessary, deferring implementation of future pay and salary awards (£3.8m). Consequently, the Base Case includes an assumption that £6.8m of these short-term mitigation levers will be deployed. Liquidity throughout the going concern assessment period remains broadly stable, with average forecast cash holdings of £26m and a balance of £12.5m at its lowest point in July 2026, with headroom, above liquidity covenant thresholds, of £4.5m. Furthermore, with current year performance to end Feb'25 and cash balances running ahead of this Base Case, this is not considered to be of concern. In 2025/26, minimum headroom in the Base Case ranges from between £4.5m to £40m on cash covenants and between £2m to £9.3m on performance covenants, dependent on time of year. In its preparation of the 2025/26 budget, the University will take steps to further increase this headroom and, in particular, is focusing heavily on its conversion of applications and its planning for the clearing period. Notwithstanding this, the protection of this headroom can, even against the stress tests applied, be managed using identified and further available mitigation levers, albeit recognising the consequential operational challenges that this might bring.

The Plausible Worst-Case Scenario then considers further significant risks that may push the Base Case off course, but that are considered less likely to occur than those risks and the associated prudent assumptions already incorporated in the Base Case. This scenario includes a deeper reduction in student recruitment, representative of a 12% lower intake (c650) of students compared to that seen in September 2024 and a c740 FTE lower total student population. This would mean that fee income falls from its current projected annualised figure of £143.9m for 2024/25 to £136.6m and would be £1.8m below the income included in the Base Case. Other assumptions in this scenario include slower research income growth (£1m income reduction with a net impact of £0.3m), increased inflation on non-pay costs (£0.6m) and delays implementing the planned cost saving measures (£2.2m). The total quantum of these additional risks is therefore approximately £5m between now and 31 July 2026. Our review confirmed that with the headroom available on renewed covenants and our ability to put in place the remaining short-term mitigating measures, this would be more than sufficient to address adverse impacts on liquidity and covenant compliance. Applying approximately £1.8m of the identified mitigating measures, in addition to the £6.8m applied in the Base Case, to address these risks would ensure that the University would meet its performance covenants at all times, with further headroom on these covenants of at least £2m at its closest point, and with additional mitigation available if needed. In this scenario, the lowest month-end cash balance at any time would be £9.5m, occurring in July'26, still above the minimum liquidity covenant threshold of £8m and with further cash management measures available if necessary.

The Reverse Stress Test then considers the further capacity remaining, equivalent to just over £11m, after taking account of remaining levers to address performance and covenant headroom, after addressing the Plausible Worst-Case Scenario, and the additional adverse performance that would need to materialise before there was a risk that covenant thresholds may be breached, thus requiring a waiver or further amendment. 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 c£9.5m in 2025/26, the University concludes it would take a significant and unrealistic scenario in its student recruitment in September 2025, equivalent to a net reduction in new entrants of 32%

(1,700 FTEs) compared to this year's recruitment (which was already at its lowest level for some years), for any issues on covenants to arise. This scenario, which would entail a total student population 1,790 FTE lower than in 2024/25, is considered to be highly implausible as, based on current levels of applications, offers and acceptances, overseas admissions data is already tracking ahead of last year and looks highly encouraging and whilst applications from UK Undergraduate students are running at a lower level than last year, the number of firm and conditional acceptances are ahead of this time last year. The University has also made, and is continuing to make, a number of changes in its recruitment and conversion approach, under the interim leadership of a highly experienced Director of Future Students and Brand and with the support of a new Director of International Recruitment. Furthermore, the University has demonstrated over the past few years that it can make in-year savings and manage its expenditure, through the deployment of tight budgetary controls and processes, and has already identified where such savings can and will be made in 2025/26. As a means of assurance, the plans for any such expenditure will not be committed to until some certainty is gained around income levels for the coming year. In summary, and through the modelling undertaken as part of this Reverse Stress Test, we assert that only an implausible risk scenario would give the University cause for concern as to its ability to meet approved 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.

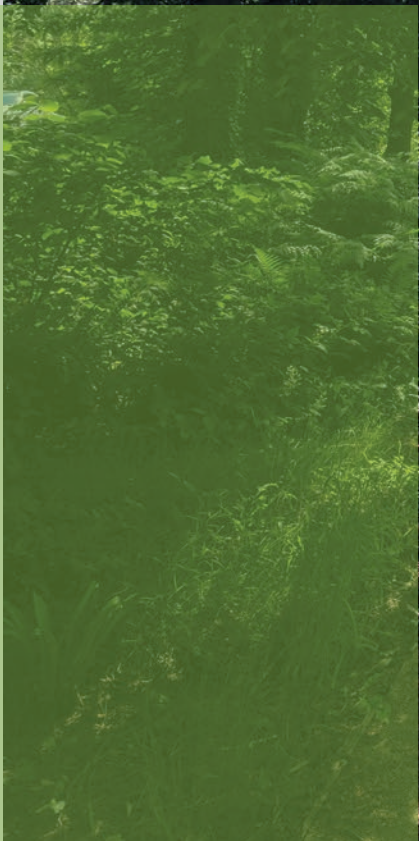
Other indicators monitored within this process include sector positioning, student satisfaction, completion and employability, research income generation and research impact as well as a range of measures of social and environmental impact. Each individual KPI is reported using a traffic light system 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 the Office for Students 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 operating environment for Higher Education Institutions sector-wide remains extremely challenging but whilst this has led to further unanticipated setbacks in this current financial year, the University believes it is taking the necessary and appropriate steps to address and respond to these challenges. Its Rebased Kent 2030 Plan aims to put the University back on course with its financial improvement, aiming to generate sufficient cash to both meet its future debt commitments whilst providing the funds for investment in strategic opportunities and, in parallel, ensuring our students benefit from the transformation to our course offering and provision and the improved experience and opportunities this will create. We have further renewed and updated our financing arrangements to ensure an ongoing stable funding platform and a risk buffer over the transitional period as we take the outlined steps to return to a position of financial sustainability. Undoubtedly, the road ahead will bring further challenges in the delivery of higher education across the sector and also specifically to the University, as it delivers the transformation, but we remain confident that 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 Georgina Randsley de Moura**  
Acting Vice-Chancellor and President  
25 April 2025







# Membership of the council

## Chair of the Council:

Deputy Chair of the Council / Chair of the Finance and Resources Committee:

Vice-Chancellor and President:

Deputy Vice-Chancellor for Academic Strategy, Planning and Performance

Deputy Vice-Chancellor for Education and Student Experience:

President of Kent Union:

## External members:

## Staff and Student representatives:

## Total Membership:

### Secretary of the Council:

The Chairs of Council committees were as follows:

Audit Committee:

Ethics Committee:

Finance and Resources Committee:

Honorary Degrees Committee (Joint Committee with Senate):

Lay Nominations Committee:

Remuneration Committee:

People Committee:

Mark Preston

Andrew Newell

Professor Karen Cox (to 22 May 2024)

Professor Georgina Randsley de Moura (Acting from 23 May 2024)

Professor Georgina Randsley de Moura (to 22 May 2024)

Professor Claire Peppiatt-Wildman (Acting from 23 May 2024)

Professor Richard Reece

Zaid Mahmood (to 30 June 2024)

Lulu Collins (from 24 June 2024)

Dame Ursula Brennan (to 31 July 2024)

Daniel Cook (to 23 January 2025)

Wei Xian Chan (to 28 February 2024)

Michael Crick (to 7 October 2024)

Sarah Dance

Dr Mark Downs

Tom Hyner (from 28 November 2023)

Mayuri Lakhani

Kim Lowe (to 31 July 2023)

Gabriel MacGregor (to 31 July 2023)

Dr Sam Parrett CBE

Paul Pugh

Julie Kelly (from 5 December 2024)

Victoria Wilson (from 15 November 2024)

Graham Razey OBE (from 28 November 2023)

Jahanara Ahmed (from 1 August 2024)

Chris Barron (to 30 April 2024)

Ben Bradley (to 1 August 2024)

Josh Brooker (to July 2024)

Daniel Knox (from 1 August 2024)

Shujun Li (from 1 August 2024)

Cláudia Moreira (from 1 August 2024)

Alex Perkins (to 31 July 2024)

Baliyar Sanghera

Lewis Sawyer (from October 2024)

## 21 (carrying 5 Lay member vacancies)

Dr Sinead Critchley (to 28 June 2024)

Dr Jo Wright (Interim from 12 August 2024)

Graham Razey

Gabriel MacGregor (to 31 July 2024)

Sarah Dance (from 4 October 2024)

Andrew Newell

Professor Karen Cox (to 22 May 2024)

Professor Georgina Randsley de Moura (from 23 May 2024)

Mark Preston

Kim Lowe (to 31 July 2024)

Dr Sam Parrett (from 4 October 2024)

Kim Lowe (to 31 July 2024)

Dr Sam Parrett (from 4 October 2024)

# Statement of responsibilities of University Council

## **In accordance with the University's Royal Charter, the Council is responsible for the administration and management of the affairs of the University.**

The Council is responsible for preparing the Financial and Strategic Report and the financial statements in accordance with applicable law and regulations.

The Council is required to prepare and publish financial statements for each financial year. The Council is required prepare the financial statements in accordance with the 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 addition, the Council is required to prepare the financial statements in accordance with the OfS Regulatory advice 9: Accounts direction (issued October 2019) (the 'OfS Accounts direction'), the OfS Terms and conditions of funding for higher education institutions (issued July 2023), any requirements of UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education and other financial reporting regulations relating to the constitution and activities of the University which are relevant to its financial affairs.

Under applicable law, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the University and the Group for that year.

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 and Statutes, 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 University and Group as at 31 July 2024 and of the Group's and University's income and expenditure, gains and losses, changes in reserves and of the Group's and University's cash flows for that year.

In preparing the financial statements, the Council is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University and Group will continue in operation.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members of the Council have 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 managed in accordance with the relevant legislation;
- ensure that 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 the OfS Terms and Conditions of funding for higher education institutions (issued July 2023) the funding agreement with UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education, and any other terms and conditions attached to them;
- 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;
- ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- plan and manage the University's activities to remain sustainable and financially viable;
- ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the University and the OfS;
- ensure that there are adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other funding or regulatory bodies;
- ensure an effective framework – overseen by the University's Council, academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and
- consider and act on the OfS' assessment of the University's risks specifically in relation to these funding purposes;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and from other sources.

The Council confirms that:

- so far as each Member is aware, there is no relevant audit information of which the auditor is unaware; and
- the Members 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 (to 31 January 2024) YolanDa Brown (from 1 February 2024)
Chair of the Council:	Mark Preston
Vice-Chancellor and President:	Professor Karen Cox (to 22 May 2024) Professor Georgina Randsley de Moura (from 23 May 2024) Andrew Newell
Deputy Chair of the Council:	Professor Georgina Randsley de Moura (to 22 May 2024)
Deputy Vice-Chancellor, Academic Strategy, Planning and Performance:	Professor Claire Peppiatt-Wildman (from 23 May 2024)
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 (to 19 July 2024) Professor Antonio Lazaro-Reboll (from 20 July 2024)
Director of the Division of Natural Sciences:	Professor James Hopker (from 1 July 2023)
Pro Vice Chancellor and Director of the Division of Computing, Engineering and Mathematical Sciences:	Professor Ben Cosh
Director of the Kent Business School:	Professor Marian Garcia (to 30 April 2024)
Pro Vice Chancellor and 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 (to 31 July 2024) Professor Ben Hutchinson (from 1 August 2024)
Dean for Internationalisation:	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 (to 28 June 2024) Dr Jo Wright (Interim from 12 August 2024)

## Honorary degrees

There were no Honorary Degrees awarded in November 2023.  
This decision was agreed due to the need to fit an additional ceremony into an already full Congregation programme.

### The following Honorary Degrees were awarded at ceremonies in July 2024:

#### Rochester

- Alice Oseman, Doctor of Letters

### The following Honorary Degree was awarded at a joint University of Greenwich and University of Kent Medway

#### School of Pharmacy ceremony:

- Carol Stewart, Doctor of Arts

#### Canterbury

- Ben Roddy, Doctor of Arts
- Rachael Burford, Doctor of the University
- Jenny Stewart OBE, Doctor of Arts

The University also hosted our Golden Graduation ceremonies in July 2024 for those alumni who graduated in 1974, with 19 alumni attending.

# 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 2023/24 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 (48 members in 2023/24) 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 the Research Ethics and Governance Committee. 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 holds at least five business meetings and one strategy meeting each academic year. In the 2023/24 academic year there were twelve business meetings. While the main focus for Council was on financial sustainability and oversight of the Kent2030 Plan, other key areas of discussion included the Appointment of the new Chancellor, a Deep Dive of Student Wellbeing, Cybersecurity resilience and review, alongside annual reports on Sustainability, Student Appeals and Complaints and approval of the Degree Outcomes Statement. Council has also continued with the oversight of major projects including a partnership with Siemens and the ongoing development within the cultural and creative industries sector with the Medway Docking Station. In addition, 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 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 to 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 challenges facing the wider higher education environment in 2023/24 and the financial pressures that the sector is experiencing, including at Kent. In light of these challenges, the Council has continued to monitor progress against the University's Kent 2030 Plan, including the actions taken to address the future size and shape of the University, and Council discussions have helped challenge and support the University in its strategic vision for the future, whilst reaffirming its values and mission in looking forward to 2030 and beyond.

During the autumn term of 2023/24 the Council, along with representatives from Senate and the student community, undertook the search for a new Chancellor to replace Gavin Esler, whose term of office ended on 31 January 2024. A comprehensive recruitment exercise was undertaken and in January 2024 Yolanda Brown was appointed as Chancellor of the University of Kent for an initial term of five years.

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 minutes of the Committee are received by Council. 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. Two new lay members were recruited to Council in 2023/24 and the recruitment process is underway for five new members to join in 2024/25.

**The Remuneration Committee** is responsible for considering and approving the remuneration of the University's Vice-Chancellor and President, Deputy Vice-Chancellors, Pro 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 first 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 Development Office regarding fundraising; the Research Ethics and Governance Committee; and the International Partnerships Approval Panel. During 2023/24 the Committee received reports on a number of matters with ethical considerations, including AI Preparedness, the University's Ethical Investment Policy, and philanthropic, engagement and fundraising activity.

**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 has 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 three times in 2023/24 and received reports on the EDI Strategy and implementation, the internal audit review of staff performance management, the results of the annual staff survey, the new Menopause Policy alongside updates to other People related policies, mental health and wellbeing data trends and KPIs in support of the People & Culture Strategy.

## Joint committee for academic freedom and freedom of expression

Following the approval of the new Ordinance on Academic Freedom in 2022/23, the University has established a Joint Council and Senate Committee for Academic Freedom and Freedom of Expression. The new Committee met for the first time in early summer 2024 to begin work on an updated Code of Practice for Academic Freedom and Freedom of Expression to take account of the both the HE (FoS) Act 2023 and the regulatory requirements from the Office for Students in this regard.

## Effectiveness of council and its committees

The most recent Council Effectiveness Review commenced in early summer 2024 and reported in autumn 2024. In the intervening time between the last review in 2020, there has been significant change in the HE sector and at the University of Kent, which the current Effectiveness Review has taken account of. Following the final report of the Review, Council is reflecting on the recommendations made and looking to formulate an action plan for implementation during 2024/25.



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

## Statement of internal control

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

The University's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve institutional mission, strategic aims and objectives. It is an ongoing process which seeks to identify the principal risks to the achievement of the University's mission, strategic aims and objectives, to evaluate the nature and extent of those risks and to manage them by appropriate controls and mitigation. The profile and exposure to risk and the level of assurance over risk and internal control given by internal audit activity are monitored regularly so that any necessary remedial action can be taken. This process was in place for the year ended 31 July 2024 and up to the date of approval of the Financial Statements for 2023/24 and it accords with the guidance from the Office for Students.

However, the Risk Management Strategy and Framework is under review for future years, in line with the conclusions of an internal audit report in August 2024. The enterprise-wide risk management framework was designed to facilitate closer integration with strategic planning, business planning and process review, and, over time, to leverage existing business intelligence to provide the University Executive and Council with early warning of viable threats to the business model and ongoing financial sustainability. However, internal audit has concluded that it is too complex a model for a higher education context and, because of this, there is insufficient staff engagement with the model.

During 2023/24, a programme of internal audit was completed, across a range of financial, operational and strategic internal controls.

Overall, for the year ended 31 July 2024, and at the time of reporting, internal auditors provided limited 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 been drawn to the Council's attention as underpinning this judgement:

- The internal auditors consider the University's risk management arrangements are not appropriate in a University context and not fit for purpose, although the report gave satisfactory assurance that the most significant risks were being identified.
- The need to make financial savings has overshadowed other elements of activity.
- There has been a lack of investment in infrastructure.
- The internal auditors have experienced continued difficulty in obtaining timely management responses to their reports, and a number of historical recommendations remain outstanding.
- Assurance opinions given on internal audits were as follows:
- 6 limited assurance (in Risk Management Arrangements; Business Intelligence; Hardware and Software Lifecycle Management; Philanthropy and Alumni Relations; Partnership Management; and Innovation and Consultancy)
- 8 satisfactory assurance
- 1 substantial assurance

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 current, approved plan is Kent2030. Council approved this plan during 2022/23, continue to monitor progress towards its

objectives, and are undertaking a review in the light of Autumn 2024 student recruitment position;

- 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 an important 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 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 evidence of the University's internal controls including the observations of the External Auditors on the Financial Controls and the outcomes of Internal Audit reviews over recent years. Council noted the range and scope of internal audit activities, the balance between satisfactory and limited opinions and the context within which universities are currently working. In response to the weaknesses identified through internal audit activities, Council is taking steps to streamline and improve its risk management framework, and noted that whilst the internal audit provided "limited assurance" in the University's arrangements for risk management, it was able to give "satisfactory assurance" in the identification of risks. In 2024/25, the Audit Committee, having identified an over-reliance on internal audit and external audit, has adjusted its approach to gain its assurance from a wider array of sources to ensure that it can annually present a true and fair view of the control environment within the University and the performance against it.

Signed on behalf of the University of Kent on 25 April 2025 by

**Andrew Newell**  
Deputy Chair of the  
Council

**Professor Georgina Randsley de Moura**  
Acting Vice-Chancellor and President

# Independent auditors report



## 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 2024, 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 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 and parent University's affairs as at 31 July 2024 and of the group's and parent University's income and expenditure, gains and losses, changes in reserves and 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 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 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 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 University's business model including effects arising from macro-economic uncertainties such as changes in inflation, sensitivity of student numbers and impact of tariffs; we assessed and challenged the reasonableness of estimates made by the Council and the related disclosures and analysed how those risks might affect the 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 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 report<sup>2</sup>. 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 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 the OfS Terms and Conditions of funding for higher education institutions (issued July 2023) the funding agreement with UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education, and any other terms and conditions attached to them; 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 notes to the financial statements, 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 Council

As explained more fully in the Statement of Responsibilities of University Council set out on page X, 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 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 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 Recommended 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 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;

- The engagement partner's 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.
- No matters of non-compliance with laws and regulations and fraud were communicated with the engagement team;
- 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the University's Council, as a body, in accordance with the Royal 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  
25 April 2025

# Financial statements

## Consolidated and University statement of comprehensive income year ended 31 July 2024

	Note	Consolidated and University	
		2023/24 £000	2022/23 £000
<b>Income</b>			
Tuition fees and education contracts	1	158,570	156,961
Funding council grants	2	28,732	32,987
Research grants and contracts	3	16,855	18,484
Other income	4	61,231	61,569
Investment income	5	1,200	571
Donation and endowments received	6	1,824	727
<b>Total income</b>		<b>268,412</b>	<b>271,299</b>
<b>Expenditure</b>			
Staff costs	7	141,595	151,782
Restructuring costs	7	4,385	4,080
Decrease to pension provision	7	(61,422)	(16,087)
Other operating expenses	9	99,912	98,830
Depreciation and amortisation	11,12	20,926	22,708
Loss on impaired fixed assets	12	6,624	-
Interest and other finance costs	8	6,516	5,048
<b>Total expenditure</b>		<b>218,536</b>	<b>266,361</b>
<b>Surplus before other gains / losses</b>		<b>49,876</b>	<b>4,938</b>
Gain/ (loss) on investments		65	(28)
Gain on sale on tangible assets		-	3
<b>Surplus and total comprehensive income for the year</b>		<b>49,941</b>	<b>4,913</b>
Endowment comprehensive expenditure for the year		(178)	(275)
Restricted comprehensive income for the year		973	89
Unrestricted comprehensive income for the year		49,146	5,099
		<b>49,941</b>	<b>4,913</b>

All income and expenditure relate to continuing activities

## Consolidated and University statement of changes in reserves year ended 31 July 2024

## Income and expenditure reserve

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>Consolidated</b>				
<b>Balance at 1 August 2022</b>	<b>3,801</b>	<b>1,090</b>	<b>199,223</b>	<b>204,114</b>
Surplus for the year	119	466	4,328	4,913
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(394)	(377)	771	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(275)</b>	<b>89</b>	<b>5,099</b>	<b>4,913</b>
<b>Balance at 1 August 2023</b>	<b>3,526</b>	<b>1,179</b>	<b>204,322</b>	<b>209,027</b>
Surplus for the year	279	1,515	48,147	49,941
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(457)	(542)	999	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(178)</b>	<b>973</b>	<b>49,146</b>	<b>49,941</b>
<b>Balance at 31 July 2024</b>	<b>3,348</b>	<b>2,152</b>	<b>253,468</b>	<b>258,968</b>

## Income and expenditure reserve

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
<b>University</b>				
<b>Balance at 1 August 2022</b>	<b>3,801</b>	<b>1,090</b>	<b>199,188</b>	<b>204,079</b>
Surplus for the year	119	466	4,328	4,913
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(394)	(377)	771	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(275)</b>	<b>89</b>	<b>5,099</b>	<b>4,913</b>
<b>Balance at 1 August 2023</b>	<b>3,526</b>	<b>1,179</b>	<b>204,287</b>	<b>208,992</b>
Surplus for the year	279	1,515	48,147	49,941
Additional Distribution from Kent Enterprise Limited	-	-	35	35
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(457)	(542)	999	-
<b>Total comprehensive income/(expenditure) for the year</b>	<b>(178)</b>	<b>973</b>	<b>49,181</b>	<b>49,976</b>
<b>Balance at 31 July 2024</b>	<b>3,348</b>	<b>2,152</b>	<b>253,468</b>	<b>258,968</b>



## Consolidated and University statement of financial position 31 July 2024

	Note	Consolidated		University	
		2024	2023	2024	2023
		£000	£000	£000	£000
Non-Current Assets					
Intangible fixed assets	11	13,287	15,633	13,287	15,633
Tangible fixed assets	12	356,901	370,625	356,901	370,625
Fixed asset investments	14	1,485	1,405	1,485	1,405
		371,673	387,663	371,673	387,663
Current Assets					
Stocks		678	683	678	683
Trade and other receivables	15	30,391	29,267	30,391	29,267
Current asset investments	16	843	841	843	841
Cash and cash equivalents	23	35,949	23,964	35,949	23,964
		67,861	54,755	67,861	54,755
Creditors: amounts falling due within one year	17	(58,997)	(85,005)	(58,997)	(85,040)
Net current assets/(liabilities)		8,864	(30,250)	8,864	(30,285)
Total assets less current assets/(liabilities)		380,537	357,413	380,537	357,378
Creditors: amounts falling due after more than one year	18	(120,372)	(81,050)	(120,372)	(81,050)
Provisions					
Pension provisions	19	(50)	(66,207)	(50)	(66,207)
Other provisions	19	(1,147)	(1,129)	(1,147)	(1,129)
		(1,197)	(67,336)	(1,197)	(67,336)
Net assets		258,968	209,027	258,968	208,992
Restricted Reserves					
Endowment reserves	21	3,348	3,526	3,348	3,526
Restricted reserves	22	2,152	1,179	2,152	1,179
		5,500	4,705	5,500	4,705
Unrestricted Reserves					
General reserve		253,468	204,322	253,468	204,287
Total Reserves		258,968	209,027	258,968	208,992

The financial statements on pages 29-57 were approved by the Council on 25 April 2025 and signed on its behalf by

**Professor Georgina Randsley de Moura**  
Acting 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 2024

	Notes	2023/24 £000	2022/23 £000
<b>Cash flow from operating activities</b>			
Surplus for the year		49,941	4,913
<b>Adjustment for non-cash items</b>			
Depreciation	12	17,599	19,403
Amortisation of intangibles	11	3,327	3,305
Impairment in value of fixed assets	12	6,624	-
(Gain)/ loss on investments		(65)	28
Decrease in stock		5	32
Increase in debtors	15	(1,125)	(786)
Increase/(decrease) in creditors	17/18	(6,442)	4,869
Decrease in pension provision	19	(66,157)	(20,232)
Increase in other provisions	19	18	1,129
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(1,200)	(571)
Interest payable	8	5,687	4,120
Endowment income	21	(139)	(82)
Gain on the sale of tangible fixed assets		-	(3)
Capital grant income	2/4	(2,132)	(2,433)
<b>Net cash inflow from operating activities</b>		<b>5,941</b>	<b>13,692</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of tangible assets		-	3
Capital grant receipts		2,132	2,433
Payments made to acquire tangible assets	12	(11,247)	(7,501)
Payments made to acquire intangible assets	11	(981)	(3,903)
Investment income	5	1,200	571
New deposits		(10)	(8)
Disposal of non-current asset investments		1	-
		<b>(8,905)</b>	<b>(8,405)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(6,563)	(2,960)
Interest element of finance lease and service concession payments		(182)	-
Endowment cash received	21	139	82
New lease premium		3,015	-
Approved capital repayment profile		8,679	-
New unsecured loans		30,489	-
Repayments of amounts borrowed		(19,620)	(8,924)
Capital element of finance lease and service concession payments		(1,008)	-
		<b>14,949</b>	<b>(11,802)</b>
<b>Increase/ (decrease) in cash and cash equivalents in the year</b>		<b>11,985</b>	<b>(6,515)</b>
Cash and cash equivalents at start of the year		23,964	30,479
Cash and cash equivalents at end of the year		35,949	23,964

## 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

With the first six months' performance now delivered and in view of the renewed financing and funding facilities in place from 7 April 2025, 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, that underpins the Rebased Kent 2030 Plan and is supported by the updated financing arrangements, to consider a Plausible Worst-Case Scenario and, finally, to evaluate the resilience provided through the deployment of feasible and readily-identified financial mitigation measures to withstand further risk, a process known as Reverse Stress Testing. It should be noted that the University does not consider the mitigation measures identified to be an exhaustive list of all actions that would be undertaken in a downside scenario, but has been based on work undertaken to evidence the availability and quantum of such measures, providing assurance that these can be pulled. In practice, and as has been demonstrated in past years, the University would engage with its stakeholders to assess and understand the longer-term implications and work together to manage this situation, which would include deploying further mitigation measures should it consider that it was essential to do so. The University is also proactively seeking additional external funding, through a further proposed lease and leaseback transaction on existing student accommodation, which it hopes to conclude in the coming months.

In light of the challenges seen in 2024/25 student recruitment and the rebasing of the Kent 2030 Plan in response to this, amended covenant thresholds have been agreed with the University's lenders and are set at a level that is based on a significantly more prudent projected financial performance and with a flatter improvement trajectory, compared to

the previous plan. As before, the Rebased Plan still aims to deliver a financially sustainable performance but over a slightly longer period, reaching a surplus position in 2027/28.

The Base Case of the University's Going Concern Assessment to July 2026, which extends beyond the standard 12-month look-forward period required, is derived from the first two years of the Rebased Plan, during which time the University plans to reduce its underlying deficit performance, drawing on existing cash reserves and the use of the short-term working capital facility at certain periods to support this. Projected recruitment in the 2025/26 Base Case has then been further adjusted to reflect a year-on-year reduction in applications that is being seen and assuming the same low level of conversion experienced in 2024/25, thereby assuming no improvement arises as a result of the marketing, recruitment and portfolio changes being implemented. In this case, the September'25 intake would be 10% (c530 FTE) lower than in September'24 and overall students would be c615 FTE lower; as a result, fee income in this base case could fall by £5.5m compared to the current forecast 2024/25 performance. Other movements in the 2025/26 base case performance, compared to 2024/25 include an increase in residences income of £2.8m (as a result of letting an increased number of student accommodation units to returning students), marginally increased research contribution of £0.3m (continuing the trend seen in 2024/25) and targeted net staff cost savings of £19.5m (to be achieved through a university-wide organisational restructure that is being substantially delivered through the crystallisation of existing staff post vacancies and a successful round of voluntary severance). Work is also progressing well in identifying and proposing a means of reducing losses from the University's catering activities and returning this activity, over a period of time, to a net surplus. Furthermore, the plan makes allowance for substantial costs associated with the transformation and the cost of the proposed restructuring.

As noted above, in view of the high levels of uncertainty around September 2025 student recruitment, the University's lenders have provided an increased level of headroom on the EBITDA performance covenant for 2025/26 which would enable the University to cope with the fee income draught indicated above and as reflected in the Base Case. However, given the knock-on impact a further reduction in recruitment would have on fee income in future years, the University is not intending to rely on this additional headroom but has already taken decisions to accelerate future planned recurrent savings as well as taking steps to identify and commit to deploying some short-term cost reduction measures. Readily-identified mitigating measures, amounting to £18.5m in 2025/26, include: utilising contingency and strategic investment budgets as well as removing budgets no longer required (£2.2m); reducing overall levels of expenditure (£9m) by accelerating future planned staff cost savings, deploying measures to constrain these costs as posts become vacant and deferring or cancelling non-essential non-pay; reducing capital expenditure (£3.5m); and if necessary, deferring implementation of future pay and salary awards (£3.8m). Consequently, the Base Case includes an assumption that £6.8m of these short-term mitigation levers will be deployed. Liquidity throughout the going concern assessment period remains broadly stable, with average forecast cash holdings of £26m and a balance of £12.5m at its lowest point in July 2026, with headroom, above liquidity covenant thresholds, of £4.5m. Furthermore, with current year performance to end Feb'25 and cash balances running ahead of this Base Case, this is not considered to be of concern. In 2025/26, minimum headroom in the Base Case ranges from between £4.5m to £40m on cash covenants and between £2m to £9.3m on performance covenants, dependent on time of year. In its preparation of the 2025/26 budget, the University will take steps to further increase this headroom and, in particular, is focusing heavily on its conversion of applications and its planning for the clearing period. Notwithstanding this, the protection of this headroom can, even against the stress tests applied, be managed using identified and further available mitigation levers, albeit recognising the consequential operational challenges that this might bring.

The Plausible Worst-Case Scenario then considers further significant risks that may push the Base Case off course, but that are considered less likely to occur than those risks and the associated prudent assumptions already incorporated in the Base Case. This scenario includes a deeper



reduction in student recruitment, representative of a 12% lower intake (c650) of students compared to that seen in September 2024 and a c740 FTE lower total student population. This would mean that fee income falls from its current projected annualised figure of £143.9m for 2024/25 to £136.6m and would be £1.8m below the income included in the Base Case. Other assumptions in this scenario include slower research income growth (£1m income reduction with a net impact of £0.3m), increased inflation on non-pay costs (£0.6m) and delays implementing the planned cost saving measures (£2.2m). The total quantum of these additional risks is therefore approximately £5m between now and 31 July 2026. Our review confirmed that with the headroom available on renewed covenants and our ability to put in place the remaining short-term mitigating measures, this would be more than sufficient to address adverse impacts on liquidity and covenant compliance. Applying approximately £1.8m of the identified mitigating measures, in addition to the £6.8m applied in the Base Case, to address these risks would ensure that the University would meet its performance covenants at all times, with further headroom on these covenants of at least £2m at its closest point, and with additional mitigation available if needed. In this scenario, the lowest month-end cash balance at any time would be £9.5m, occurring in July'26, still above the minimum liquidity covenant threshold of £8m and with further cash management measures available if necessary.

The Reverse Stress Test then considers the further capacity remaining, equivalent to just over £11m, after taking account of remaining levers to address performance and covenant headroom, after addressing the Plausible Worst-Case Scenario, and the additional adverse performance that would need to materialise before there was a risk that covenant thresholds may be breached, thus requiring a waiver or further amendment. 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 c£9.5m in 2025/26, the University concludes it would take a significant and unrealistic scenario in its student recruitment in September 2025, equivalent to a net reduction in new entrants of over 32% (1,700 FTEs) compared to this year's recruitment (which was already at its lowest level for some years), for any issues on covenants to arise. This scenario, which would entail a total student population 1,790 FTE lower than in 2024/25, is considered to be highly implausible as, based on current levels of applications, offers and acceptances, overseas admissions data is already tracking ahead of last year and looks highly encouraging and whilst applications from UK Undergraduate students are running at a lower level than last year, the number of firm and conditional acceptances are ahead of this time last year. The University has also made, and is continuing to make, a number of changes in its recruitment and conversion approach, under the interim leadership of a highly experienced Director of Future Students and Brand and with the support of a new Director of International Recruitment. Furthermore, the University has demonstrated over the past few years that it can make in-year savings and manage its expenditure, through the deployment of tight budgetary controls and processes, and has already identified where such savings can and will be made in 2025/26. As a means of assurance, the plans for any such expenditure will not be committed to until some certainty is gained around income levels for the coming year. In summary, and through the modelling undertaken as part of this Reverse Stress Test, we assert that only an implausible risk scenario would give the University cause for concern as to its ability to meet approved 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.

## 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 Students' 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 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 restrictions 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 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 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 had entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit. Therefore, a provision was 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 & Windows	30 years
Mechanical & Electrical systems	25 years
Refurbishment of general facilities	15 years
Refurbishment of residential facilities	10 years
Refurbishment of dining & 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 Statement of Comprehensive Income and Expenditure.

**Site works**

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

Infrastructure works	30 years
Groundworks & Landscaping	25 years
Roads, Footpaths & 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 historical cost less any provision for impairment of their 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 (e.g. 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 (i.e. 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 at 31 July 2024 the USS pension scheme is in a surplus position and therefore this is not reported as a significant estimate in 2024.

As the University is contractually bound to make deficit recovery As the University is contractually bound to make deficit recovery payments to USS, these are recognised as a liability on the balance sheet. However the 2022/23 provision was based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which required a recovery of the 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 2022/23 provision required in relation to this obligation were:

	2023
Discount rate	5.52%
Salary growth*	1.9%

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



## 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.

## Impairment in carrying value of land

The value of land as deemed cost is based on an external valuation as at 31 July 2014 but is 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.

## Financing arrangement

In relation to the year ended 31 July 2024 figures, the financing agreement signed in February 2024, modified the terms of the previously existing loan arrangements. Under FRS 102 s11, a substantial debt modification should be treated as if the original debt was extinguished, and a new liability recognised. The changes to all loans were therefore assessed to determine the level of change. The University is satisfied that the changes to the interest rate and timing of capital repayments for loans from National Westminster Bank and Scottish Widows do not constitute a significant debt modification. Loans from the European Investment bank were previously unsecured, and have now been secured; this is in addition to the changes made to interest rates and capital repayment dates. These changes are deemed to have constituted a significant debt modification in accordance with FRS102 s11. Further information is provided in Note 18.



## Notes to the accounts

### 1 Tuition fees and education contracts

	2023/24	2022/23
	£000	£000
Full-time - home	103,974	100,602
Full-time - EU students	4,010	4,268
Full-time - international students	41,064	43,261
Part-time - students	6,966	5,738
Research training support grants	2,086	2,141
Short course fees	470	951
	158,570	156,961

### 2 Funding council grants

	2023/24	2022/23
	£000	£000
<b>Recurrent grant</b>		
Teaching funding (OfS)	6,747	7,853
Research funding (RE)	18,379	19,698
Higher education innovation fund (HEIF)	1,481	2,856
Capital grants (CIF)	1,004	1,703
<b>Specific grants</b>		
Education and skills funding agency (ESFA)	57	128
All other grants	1,064	749
	28,732	32,987

### 3 Research grants and projects

	2023/24	2022/23
	£000	£000
Research councils	5,299	5,342
UK based charities	2,160	2,067
UK industry and commerce	274	397
Government (UK & EU)	6,980	8,705
Other grants and contracts	2,142	1,973
	16,855	18,484

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

	2023/24	2022/23
	£000	£000
Grant income from the OfS	7,435	8,702
Grant income from other bodies	26,539	29,499
Fee income for taught awards (excluding VAT)	156,014	153,869
Fee income for research awards (excluding VAT)	2,086	2,141
Fee income from non-qualifying courses (excluding VAT)	470	951
	192,544	195,162

### 4 Other income

	2023/24	2022/23
	£000	£000
Residences, catering and conferences	44,587	41,369
Other income generating activities	6,247	7,704
Other revenue grants	3,920	4,153
Other capital grants (non-funding council)	1,128	730
Other income	5,349	7,613
	61,231	61,569

'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

	2023/24 £000	2022/23 £000
Investment income on endowments	67	65
Other investment income	706	150
Other interest receivable	427	356
	<b>1,200</b>	<b>571</b>

## 6 Donations and endowments

	2023/24 £000	2022/23 £000
New endowments	139	82
Donations with restrictions	1,515	466
Unrestricted donations	170	179
	<b>1,824</b>	<b>727</b>

## 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:

	2023/24 Avg FTE No	2022/23 Avg FTE No
Academic staff	872	893
Research staff	208	219
Teaching only staff *	10	31
Academic related staff	513	532
Clerical staff	636	750
Operational & facilities	324	347
Technical	191	202
	<b>2,754</b>	<b>2,974</b>

\*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 146 FTE (2022/23: 275 FTE) in relation to employees classified as casual workers that are paid by timesheet.

	Note	£000	£000
<b>Staff costs for the above persons:</b>			
Wages and salaries		117,146	121,280
Social security costs		10,267	11,447
Other pension costs	30	19,746	24,128
<b>Sub total</b>		<b>147,159</b>	<b>156,855</b>
Movement in pension deficit recovery plan		(66,986)	(21,160)
Restructuring costs		4,385	4,080
		<b>84,558</b>	<b>139,775</b>

The movement in the pension provision includes the unwinding of existing provisions from changes in the discount rates and any contributions made toward deficit balances. This includes the full unwinding of the provision of £61.4m following the completion of the 2023 valuation in December 2023. This is shown separately from other staff costs on the face of the statement of comprehensive income.

## 7 Staff costs (continued)

	2023/24 £000	2022/23 £000
<b>Staff costs by department:</b>		
Academic divisions	71,607	87,762
Academic services	10,675	10,445
Research grants and contracts	8,538	9,536
Student & staff facilities	8,732	6,183
General educational expenditure	12,872	10,461
Administration & central services	18,256	13,874
Catering and residences	7,789	8,060
Premises	6,289	7,679
Pension provision movements (excl. One-off)	(5,564)	(5,073)
Other	2,401	2,855
<b>Sub total</b>	<b>141,595</b>	<b>151,782</b>
Decrease in pension provision	(61,422)	(16,087)
Restructuring costs	4,385	4,080
<b>Total costs</b>	<b>84,558</b>	<b>139,775</b>
Total payments for loss of office within total staff costs above	4,330	4,330
Number of staff paid	146	127

In the above split of staff costs by department under the Effectiveness and Efficiency structural change professional services staff were reallocated from Academic Divisions into Central Service areas.

<b>Senior staff pay:</b>	<b>Number of staff</b>	
Basic annual salary (per 1.0 FTE)	2023/24	2022/23
£100,000 - £104,999	8	12
£105,000 - £109,999	12	5
£110,000 - £114,999	11	5
£115,000 - £119,999	10	13
£120,000 - £124,999	8	2
£125,000 - £129,999	3	4
£130,000 - £134,999	3	1
£135,000 - £139,999	4	3
£140,000 - £144,999	1	1
£145,000 - £149,999	1	1
£150,000 - £154,999	-	1
£155,000 - £159,999	2	-
...		
£240,000 - £244,999	-	1
...		
£250,000 - £254,999	1	-

As the Kent and Medway Medical School continued to grow throughout 2024/25 the number of employees on fractional contracts in this area increased to 17 employees (2022/23: 7 employees). When their salaries are extrapolated as if they were 1.0FTE their basic annual salary was found to be 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.

	2023/24 £000	2022/23 £000
Key management personnel compensation	1,664	2,037

The Executive Group of the University of Kent consists of 12 (2022/23: 12) people including the Vice-Chancellor.



## 7 Staff costs (continued)

	2023/24 £000	2022/23 £000
<b>Professor Karen Cox (ended 22/05/2024)</b>		
Basic salary	155	240
Payments in lieu of pension contributions	24	37
Pension contributions	5	15
<b>Professor Georgina Randsley de Moura (started 23/05/2024)</b>		
Basic salary	49	0
Pension contributions	7	0
<b>Total emoluments for the year</b>	<b>240</b>	<b>292</b>

The former Vice-Chancellor and President's basic salary in 2023/24 was 7.91 times the median pay of all staff (2022/23: 8.27 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. The Acting Vice-Chancellor and President's basic salary was 8.39 times the median pay of all staff on the same basis.

The former Vice-Chancellor and President's total remuneration in 2023/24 was 8.00 times the median total remuneration of staff (2022/23: 8.82 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff. The Acting Vice-Chancellor and President's total remuneration was 8.22 times the median total remuneration on the same basis.

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 former Vice-Chancellor and President's basic salary in 2023/24 was 6.51 times the median basic salary of all substantive staff (2022/23: 6.65 times). The former Vice-Chancellor and President's total remuneration in 2023/24 was 6.51 times the median total remuneration of all substantive staff (2022/23: 7.14 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its substantive staff. Equivalent figures for the Acting Vice-Chancellor and President were 6.90 times the median basic salary of all substantive staff and 6.69 times the average total remuneration of all substantive staff.

According to the Committee of University Chairs (CUC) VC Remuneration Report published in January 2024, the average basic pay ratio across the HE sector in 2022/23 was 7.14:1 (2021/22: 7.32:1) and the range was from 11.7:1 to 2.3:1 (12.7:1 to 3.7:1). The average total emoluments ratio in 2022/2023 (if provided) was 7.42:1 (7.64:1) and the range was from 12.8:1 to 4.0:1 (12.8:1 to 3.7:1). Updated figures are due to be published by CUC in May 2025.

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:

The Vice-Chancellor and President left the University on 22 May 2024. Her pay had remained considerably 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 below the sector according to the CUC average VC total remuneration figure for the financial year salary 2022/23 of £317,439. Due to the challenging financial environment experienced by the wider Higher Education sector and specifically at Kent, the Vice-Chancellor had repeatedly declined pay awards since joining the University in 2017. She had also taken a 20% voluntary salary reduction from 1 August 2023.

Given this context and the extremely demanding and continuing uncertainty within the sector, and especially at Kent, the future appointment of a strong leader with a proven track record for navigating change, capable of leading Kent to a sustainable future, is likely to be reflected in the future Vice-Chancellor's remuneration.

The remuneration of the Acting Vice-Chancellor, in post since May 2024, is in line with the target pay zone for the role, set by reference to sector-relevant market salary data and relative to skills and experience in the role. A permanent appointment is anticipated in 2025.

#### 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 payable

	2023/24	2022/23
	£000	£000
Loan interest	5,535	4,120
Finance lease interest	152	-
Other finance costs	829	928
	<b>6,516</b>	<b>5,048</b>

## 9 Other operating expenses

	2023/24	2022/23
	£000	£000
Academic departments	6,158	9,420
Academic services	10,048	9,953
Research grants and contracts	3,284	3,617
Bursary payments to students	9,316	10,215
Student & staff facilities	5,724	6,551
General educational expenditure	9,930	9,820
Administration & central services	7,097	5,867
Residences & catering	21,849	20,713
Premises	19,914	18,161
Other expenses	6,592	4,513
	<b>99,912</b>	<b>98,830</b>

### Other operating expenses include:

#### Operating lease rentals:

Land and buildings	813	851
Other	529	719
Auditors remuneration - audit services for the year	211	219
Auditors remuneration - audit services for prior year recognised in year	(4)	50
Auditors remuneration - non-audit services for the year	14	14
Auditors remuneration - non-audit services for prior year recognised in year	-	6
	<b>1,563</b>	<b>1,859</b>

Auditors' remuneration for prior year audit services recognised in 2023/24 relate to an over- accrual for remaining audit services and 2022/23 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.

	2023/24	2022/23
	£000	£000
<b>Access and participation</b>		
Access investment	2,317	2,666
Financial support	2,764	3,248
Disability support	1,242	1,409
Research and evaluation	153	132
	<b>6,476</b>	<b>7,455</b>

The total spend reported here includes £2,861k (2022/23: £3,311k) 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: <https://www.kent.ac.uk/applicants/policies/access-and-participation-plan>

<sup>1</sup> For the purposes of pay comparison, the Committee refers to pay within a comparator group of universities which comprises Aston, Coventry, East Anglia, Essex, Exeter, Lancaster, Leicester, Reading, Surrey, Sussex and York plus a further review of pay in pre-92 Institutions with a turnover between £200m and £280m

**10 Surplus on continuing operations for the year**

	2023/24	2022/23
	£000	£000
University surplus on operations for the year	49,941	4,913
	49,941	4,913

**11 Intangible fixed assets**

Software	Consolidated and University
	£000
<b>Cost</b>	
At 1 August 2023	27,854
Additions	981
Disposals	(545)
At 31 July 2024	28,290
<b>Amortisation</b>	
At 1 August 2023	12,221
Charge for the year	3,327
Disposals	(545)
At 31 July 2024	15,003
<b>Net book value</b>	
At 31 July 2024	13,287
At 1 August 2023	15,633





## 12 Tangible fixed assets

	Consolidated and University				
	Land and buildings	Service concession arrangement assets	Assets under construction	Equipment and systems	Total
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At 1 August 2023	576,905	10,172	1,802	34,992	<b>623,871</b>
Additions	4,740	-	-	4,337	<b>9,077</b>
Assets under construction	-	-	1,422	-	<b>1,422</b>
Transfers	1,156	-	(1,156)	-	<b>-</b>
Disposals	-	-	-	(645)	<b>(645)</b>
At 31 July 2024	582,801	10,172	2,068	38,684	<b>633,725</b>
<b>Depreciation</b>					
At 1 August 2023	222,519	1,993	-	28,734	<b>253,246</b>
Charge for the year	13,659	173	-	3,767	<b>17,599</b>
Disposals	-	-	-	(645)	<b>(645)</b>
Impairment loss	6,624	-	-	-	<b>6,624</b>
At 31 July 2024	242,802	2,166	-	31,856	<b>276,824</b>
<b>Net Book Value</b>					
<b>At 31 July 2024</b>	<b>339,999</b>	<b>8,006</b>	<b>2,068</b>	<b>6,828</b>	<b>356,901</b>
At 1 August 2023	354,386	8,179	1,802	6,258	<b>370,625</b>
<b>Financed by:</b>					
Capital grant	41,258	-	1,342	1,094	<b>43,694</b>
Other	298,741	8,006	726	5,734	<b>313,207</b>
	339,999	8,006	2,068	6,828	<b>356,901</b>

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

The Impairment loss in the year relates to buildings where upon review it was deemed that the net book value of the assets was higher than market value and therefore an impairment provision was necessary.

Land was acquired both by gift and purchase (historic cost of £5.8m) and is stated at a valuation of £133.7m (2023: £131.7m), following the acquisition of land at Giles Lane during the year, 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.

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 2024 (2023: £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	
	2024	2023
	£000	£000
Cost of Investment in other companies (including spin-out companies)	65	65
Investment in shares	1,420	1,340
	<b>1,485</b>	<b>1,405</b>

**15 Trade and other receivables**

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Amounts falling within one year:</b>				
General receivables	12,203	7,153	12,203	7,153
Research grants and contracts	10,430	13,537	10,430	13,537
Prepayments and accrued income	7,758	8,577	7,758	8,577
	<b>30,391</b>	<b>29,267</b>	<b>30,391</b>	<b>29,267</b>

Within General receivables is £643k (2023: £1,085k) which is owed to the University to related parties as at 31 July 2024. See Note 28 for further details.

**16 Current asset investments**

	Consolidated and University	
	2024	2023
	£000	£000
Short term deposits	843	841
	<b>843</b>	<b>841</b>

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loans due for repayment (note 18)	2,929	17,271	2,929	17,271
Unsecured loans due for repayment	(379)	-	(379)	-
Obligations under finance leases	540	-	540	-
Research grants received on account	15,543	16,441	15,543	16,441
Deferred income	18,546	18,747	18,546	18,782
Creditors and accrued liabilities	16,197	26,223	16,197	26,223
Taxation and social security	5,621	6,323	5,621	6,323
	58,997	85,005	58,997	85,040

Bank loans due for repayment within one year relate to amounts due under the financing arrangement with lenders. Further detail is provided in Note 18. Within Creditors and Accrued liabilities is £51k (2023: 162k) which is owed by the University to related parties as at 31 July 2024. 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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Other grant income	863	2,179	863	2,179
	863	2,179	863	2,179

## 18 Creditors: amounts falling after more than one year

	Consolidated		University	
	2024	2023	2024	2023
	£000	£000	£000	£000
Borrowing secured on University land and buildings	81,483	92,424	81,483	92,424
Unsecured loans	30,489	-	30,489	-
Obligations under finance lease	2,580	-	2,580	-
Less: loans and finance leases repayable within one year	(3,090)	(17,271)	(3,090)	(17,271)
	111,462	75,153	111,462	75,153
Other long-term liabilities	8,910	5,897	8,910	5,897
	120,372	81,050	120,372	81,050

### Payable as follows:

Between one and two years	13,758	5,665	13,758	5,665
Between two and five years	22,140	18,233	22,140	18,233
After five years	84,474	57,152	84,474	57,152
	120,372	81,050	120,372	81,050

Lender	Outstanding Amount	Interest rate (%)	Term (years)	Maturity Date
National Westminster Bank Plc	3,209	6.42	25	Feb-26
Scottish Widows Limited	8,202	6.96	24	Feb-26
European Investment Bank	45,561	4.16	25	Mar-40
European Investment Bank	24,512	3.72	25	Sep-42
Canada Life	30,489	5.69	50	Jan-74
TP Leasing	2,579	7.00	5	Jan-29
	114,552			



## 18 Creditors: amounts falling after more than one year (continued)

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 in February 2024 and amended in April 2025. This included an agreement of further terms applying to all existing borrowing facilities, including revision to the suite of financial covenants, harmonised across all three lenders.

## 19 Provisions for liabilities

	Consolidated and University					
	Obligation to fund deficit on USS	Other pension	Total pensions provisions	Restructuring	Other	Total Other
	£000	£000	£000	£000	£000	£000
At 1 August 2023	66,157	50	<b>66,207</b>	986	143	<b>1,129</b>
Utilised in the year	(4,735)	-	<b>(4,735)</b>	-	-	<b>-</b>
Additions/ (release) in year	(61,422)	-	<b>(61,422)</b>	161	(143)	<b>18</b>
<b>At 31 July 2024</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>1,147</b>	<b>-</b>	<b>1,147</b>

### Pension Deficit

The obligation to fund past deficits on the University's Superannuation Scheme (USS) arose from the contractual obligation with the USS to fund deficit payments in accordance with the agreed deficit recovery plan. In calculating this provision for 2022/23, management had 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 review, a new deficit recovery plan was agreed during 2022/23. This new plan requires deficit payments of 6.2% of salaries to 31 December 2023 after which the deficit recovery ends. 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 been fully released and shows a £nil balance as at 31 July 2024. This has resulted in the unwinding of the provision entirely. 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).

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

Within Restructuring are the estimated costs relating to the remaining costs of closure of our Brussels site within the 2024/25 financial year.

The other provision relates to restructuring costs in connection with course closures.

## 20 Financial instruments

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

		Consolidated		University	
		2024	2023	2024	2023
	Notes	£000	£000	£000	£000
Financial assets					
Measured at fair value through Income and Expenditure					
Investments (including endowments)	14,16	1,420	1,340	1,420	1,340
Cash deposits	16	843	841	843	841
Cash & cash equivalents	23	35,949	23,964	35,949	23,964
Measured at undiscounted amount receivable					
Trade and other receivables	15	22,633	20,690	22,633	20,690
Measured at cost less impairment					
Investment in subsidiary companies	14	65	65	65	65
		60,910	46,900	60,910	46,900
Financial liabilities					
Measured at undiscounted amount payable					
Trade and other creditors payable	15	31,901	42,664	31,901	42,664
Measured at amortised cost					
Loans payable	18	84,063	92,424	84,063	92,424
		115,964	135,088	115,964	135,088
The University and Group's income, expenditure, gains and losses in respect of financial instruments are summarised below:					
		Consolidated		University	
		2024	2023	2024	2023
	Notes	£000	£000	£000	£000
Interest income / (expense)					
Interest receivable from financial assets measured at fair value through Income and Expenditure	5	1,200	571	1,200	571
Interest payable for financial liabilities measured at amortised cost	8	(5,535)	(4,120)	(5,535)	(4,120)
		(4,335)	(3,549)	(4,335)	(3,549)
Fair Value gains / (losses)					
Gain / (loss) on financial assets measured at fair value through Income and Expenditure		65	(28)	65	(28)
		65	(28)	65	(28)

**21 Endowment reserves**

	Unrestricted permanent £000	Restricted permanent £000	Total permanent £000	Restricted expendable £000	Consolidated and University	
					2024 Total £000	2023 Total £000
<b>Balance as at 1 August</b>						
Capital	382	773	<b>1,155</b>	1,983	<b>3,138</b>	3,394
Accumulated income	-	124	<b>124</b>	264	<b>388</b>	407
	382	897	<b>1,279</b>	2,247	<b>3,526</b>	3,801
New endowments			-	139	<b>139</b>	82
Investment income	5	32	<b>37</b>	30	<b>67</b>	65
Expenditure	(5)	(57)	<b>(62)</b>	(395)	<b>(457)</b>	(394)
(Decrease) / Increase in market value of investments	31	42	<b>73</b>	-	<b>73</b>	(28)
Total endowment comprehensive income/ (expenditure) for the year	31	17	<b>48</b>	(226)	<b>(178)</b>	(275)
Balance as at 31 July	413	914	<b>1,327</b>	2,021	<b>3,348</b>	3,526
<b>Analysis by Type of Purpose:</b>						
Chairs and lectureships	-	764	<b>764</b>	192	<b>956</b>	993
Student financial support	-	48	<b>48</b>	1,356	<b>1,404</b>	1,415
Prize funds	-	5	<b>5</b>	197	<b>202</b>	198
Other	413	97	<b>510</b>	276	<b>786</b>	794
Capital initiatives	-	-	-	-	-	126
	413	914	<b>1,327</b>	2,021	<b>3,348</b>	3,526
<b>Analysis by Asset:</b>						
Equities					<b>1,270</b>	1,272
Bonds					-	-
Cash & Short term deposits					<b>2,078</b>	2,254
					<b>3,348</b>	3,526

## 22 Restricted reserves

	Revenue grants £000	Donations £000	Consolidated and University	
			2024	2023
			Total £000	Total £000
<b>Balance at 1 August</b>	68	1,111	<b>1,179</b>	1,090
New grants	-	-	-	-
New donations	-	1,515	<b>1,515</b>	466
Expenditure	-	(542)	<b>(542)</b>	(377)
<b>Balance at 31 July</b>	68	2,084	<b>2,152</b>	1,179
			<b>2024</b>	<b>2023</b>
			<b>£000</b>	<b>£000</b>
<b>Analysis by purpose:</b>				
Scholarships and bursaries			<b>1,835</b>	906
Prize funds			<b>32</b>	32
Research support			<b>68</b>	68
Other			<b>217</b>	173
			<b>2,152</b>	1,179

## 23 Cash and cash equivalents

	At 1st August 2023 £000	Consolidated and University	
		Cash	At 31st July
		flows £000	2024 £000
Cash and cash equivalents	23,964	<b>11,985</b>	35,949
	<b>23,964</b>	<b>11,985</b>	<b>35,949</b>

## 24 Consolidated reconciliation of net debt

	Note	2024	
		£000	
<b>Net debt 1 August 2023</b>		<b>68,460</b>	
Movement in cash and cash equivalents	23	(11,985)	
Other non-cash changes		22,128	
<b>Net debt 31 July 2024</b>		<b>78,603</b>	
Change in net debt		10,143	
		<b>2024</b>	<b>2023</b>
		<b>£000</b>	<b>£000</b>
<b>Analysis of net debt:</b>			
Cash and cash equivalents		<b>35,949</b>	23,964
<b>Borrowings: amounts falling due within one year</b>			
Secured loans		<b>3,308</b>	17,271
Unsecured loans		<b>(379)</b>	-
Obligations under finance leases		<b>540</b>	-
		<b>3,469</b>	17,271
<b>Borrowings: amounts falling due after more than one year</b>			
Secured loans		<b>78,175</b>	75,153
Unsecured loans		<b>30,868</b>	-
Obligations under finance leases		<b>2,040</b>	-
		<b>114,552</b>	92,424
<b>Net debt</b>		<b>78,603</b>	68,460



## 25 Capital commitments

	Consolidated and University	
	2024	2023
	£000	£000
Contractual Commitments at 31 July	2,123	5,374

## 26 Financial commitments

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

	Consolidated and University	
	2024	2023
	£000	£000
<b>Land and Buildings:</b>		
Expiring within one year	446	780
Expiring within two and five years inclusive	750	1,008
Expiring in over five years	3,724	3,892
	<b>4,920</b>	<b>5,680</b>
<b>Other</b>		
Expiring within one year	500	516
Expiring within two and five years inclusive	803	1,219
	<b>1,303</b>	<b>1,735</b>

As at 31 July 2024 the University had entered into a fixed contract for energy. As at the 2023/24 financial year end this has a value of £5.8m (2022/23 £8.4m) which will fall due in the 2024/25 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 2023/24 financial year this payment amounted to £1.2m (2022/23 £1.4m).

## 28 Related party transactions

### Council members: expenses and related party transactions

During the 2023/24 financial year expenses totalling £3,217 (2022/23: £3,014) were paid to nine members of Council while acting in their role as Trustees (2022/23: 7 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 20). 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	Amounts payable	Balance due to/(from) the University
	£000	£000	£000
<b>Year ended 31 July 2024</b>			
Kent Students' Union	5,548	3,557	445
Kent Union Trading Limited	-	10	-
KM Television Ltd	4	347	2
KMTV Creative Productions	-	-	150
Maidstone and Tunbridge NHS	20	667	(6)
Department for Education	-	2	-
Universities UK	1	1	-
The Royal Society of Biology	-	13	-
Universities and Colleges Employers Association	-	14	-

## 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:

	2023/24 £000	2022/23 £000
Contributions to USS	13,612	17,495
Contributions to SAUL	6,004	6,546
Contribution to other schemes	130	87
<b>Total pension cost (Note 7)*</b>	<b>19,746</b>	<b>24,128</b>

### USS pension scheme

The total pension cost for the University charged to the Statement of Comprehensive Income in the year 2023/24 was £13,611,519 (2022/23: £17,494,958). This includes £963,883 (2023: £1,448,296) 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 2023/24 the percentage was 21.6% to 31 December 2023 and then 14.5% from 1 January 2024 (2022/23 : 21.6%). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 ("the valuation date"), which was carried out using the projected unit method.

Since the University cannot identify its share of the USS Retirement Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for 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 £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a
Pension Increase (CPI)	CPI assumption with caps and collars
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post-retirement: 0.9% p.a.

The key financial assumptions used in the 2023 actuarial valuation are described below. More detail is set out in the Statement of Funding Principles.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	103% of S2PMA 'light' for males and 97% of S3PFA for females
Future improvements to mortality	CMI 2021

The current life expectancies on retirement at age 65 are:

	2024	2023
Males (Females) currently aged 65 (years)	23.7 (25.6)	24.0 (25.6)
Males (Females) currently aged 45 (years)	25.4 (27.2)	26.0 (27.4)

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

Existing Benefits	2024	2023
Scheme assets	£74.8bn	£73.1bn
Total scheme liabilities	£65.6bn	£71.1bn
FRS 102 total scheme surplus / (deficit)	£9.2bn	£2.0bn
FRS 102 total funding level	114%	103%
Key assumptions used are:		
Discount rate	4.70%	4.60%
Pensionable salary growth	3.00%	3.00%

The deficit recovery plan put in place as part of the 2023 valuation required payment of 9.8% of salaries to 31 December 2023, at which point the rate will decrease to 6.1% onwards.

### 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 2023. 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 2024 and will be reviewed against at SAUL's next formal valuation in 2026.

At the 31 March 2023 valuation SAUL was 105% funded on its Technical Provisions basis. As a result the Trust and the Employers have agreed that the ongoing Employers' contributions will reduce from a rate of 21% of CARE salaries to 19% of CARE salaries from 1 September 2024.

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. As a whole the market value of SAUL's assets at 31 March 2023 was £3,096m representing 105% of the liabilities. The market value of SAUL's assets as at 31 March 2023 was £3,072m representing 107% 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 (i.e. Cash amounts) in accordance with paragraph 28.11 of FRS102.

The SAUL pension cost for the University was £6,003,746 (2022/23: £6,546,211). This includes £491,279 (2023: £548,581) outstanding contributions at the balance sheet date.

### 31 Post balance sheet events

On 7 April 2025, the University signed an amendment to an existing agreement for a short-term funding facility, the maximum draw-down in any one period being £20m to assist with operational cashflow seasonality. This amendment makes available up to £20m between 2 April 2025 and 30 April 2025, 1 August 2025 and 29 August 2025, 16 March 2026 and 30 April 2026 and again 1 August 2026 and 29 August 2026.

On the same date the University signed an amendment to an existing financing agreement with its lenders in relation to its financial covenant compliance.

## 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	2024		2023	
			£000	£000	£000	£000
SOFP (Unrestricted reserves / General Reserve)						
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		253,468		204,322	
SOFP (Restricted reserves)						
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		5,500		4,705	
Note 28						
Statement of Financial Position – Related party	Secured and Unsecured related party receivable		5,574		6,168	
Note 28						
Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable		5,574		6,168	
Note 12						
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment net (includes Construction in progress)		356,901		370,625	
See Supplemental Note PPE - A						
Statement of Financial Position – Property, plant and equipment, net – pre-implementation	Property, plant and equipment – pre-implementation		308,082		324,020	
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		46,751		44,803	
See Supplemental Note PPE - B						
Note of the Financial Statements - Statement of Financial Position -Construction	Construction in process		2,068		1,802	
Note 11						
Statement of Financial Position – Intangible fixed assets	Intangible Assets		13,287		15,633	
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		2,206		69,163	



## Primary reserve ratio (continued)

Primary reserve ratio (continued)					
Line item/related disclosures	Expendable net assets	2024		2023	
		£000	£000	£000	£000
Note 18					
	Long-term debt – for long term purposes		120,371		81,050
Note 18					
	Long-term debt- for long term purposes pre-implementation		120,371		81,050
Note 21 – Restricted Expendable					
	Term endowments with donor restrictions		2,021		2,247
Note 21 – Restricted Permanent					
	Net assets with donor restrictions: restricted in perpetuity		914		897
Line item/related disclosures	Total Expenses and Losses	2024		2023	
		£000	£000	£000	£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		211,912		266,175
Statement of Comprehensive Income and Expenditure (Loss on Investments – Gain on sale of tangible assets)	Non-operating and Investment (gain)		-		(3)
Statement of Comprehensive Income and Expenditure ((Gain)/ Loss on Investments)	Net investment (gain)/ loss		(65)		28
Statement of Comprehensive Income and Expenditure (Impairment loss)	Other (gain)/ loss		6,624		-
Statement of Comprehensive Income and Expenditure (Pension Provision)	Pension-related changes other than net periodic costs		-		-

## Equity Ratio

Line item/related disclosures		Modified net assets	2024		2023	
			£000	£000	£000	£000
SOFP (Unrestricted reserves / General Reserve)						
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		253,468		179,367	
SOFP (Restricted reserves)						
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		5,500		4,705	
Note 28						
Statement of Financial Position – Related party receivable and Related party not disclosure	Secured and Unsecured related party receivable		5,574		6,168	
Note 28						
Statement of Financial Position – Related party receivable and Related party not disclosure	Unsecured related party receivables		5,574		6,168	

### Equity Ratio (continued)

Line item/related disclosures		Modified net assets	2024		2023	
			£000	£000	£000	£000
SOFP – Non-current assets and Current assets						
Statement of Financial Position	Total assets		439,534		442,418	
Note 28						
Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable		5,574		6,168	
Note 28						
Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivables		5,574		6,168	

### Net income ratio

Line item/related disclosures	2024		2023	
	£000	£000	£000	£000
Statement of Changes in Reserves (Unrestricted/ Total comprehensive income for year)				
Statement of Changes in Reserves	Change in Net Assets Without Donor Restrictions	49,146		5,099
Statement of Comprehensive Income (Total Income – Investment Income + gain on sale of tangible assets)				
Statement of Comprehensive Income	Total Revenue and Gains	268,412		270,731

### Supplemental note - PPE

	2024	2023
	£000	£000
A - Pre-implementation PPE	<b>308,082</b>	324,020
B - Construction in progress	<b>2,068</b>	1,802
C - Post-implementation PPE – with no outstanding debt	<b>46,751</b>	44,803



University of Kent  
The Registry, Canterbury  
Kent CT2 7NZ

[www.kent.ac.uk](http://www.kent.ac.uk)

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