2022

University of Kent

ANNUAL REVIEW AND FINANCIAL STATEMENTS

WE STAND FOR AMBITION.

CONTENTS

Introduction by the Vice-Chancellor and President

It is my pleasure to introduce our annual review for 2021/22, reflecting a year where increased stability through the gradual return to 'normal' following the enormous upheaval of Covid has coincided with the additional challenges we all face due to the rising cost of living.

It somehow seems a long time ago but the first part of the last academic year was still affected by the restrictions wrought by the pandemic, with face-to-face teaching returning in full from the Spring term. While it has certainly taken some adjustment, it is hard to underestimate what a positive it has been for both staff and students to re-engage fully with our campus environments and you can feel the difference when you walk around our beautiful spaces.

This has also been a hugely significant year with the announcement of an outstanding set of Research Excellence Framework (REF) results for Kent. Along with rising 11 places to 38th nationally for the quality of our research, we had eight subjects in the top ten nationally, while the majority of our submissions were rated as either world-leading or internationally excellent. Research is a key pillar in our Kent 2025 Strategy and we are hugely proud of our research and innovation activity; seeing this reflected in the REF should also help us to attract more funding in the future.

Our work to establish ourselves as a leading civic university continued throughout the year, with a number of major initiatives building momentum around our engagement work. Both the Kent and Medway Medical School and Institute for Cultural and Creative Industries continue to go from strength to strength, with last autumn seeing thousands join the remarkable visit of the Little Amal theatre production to campus to represent the plight of children fleeing war and destitution. We were also honoured to welcome Professor Fakhari the UN's Special Rapporteur on the Right to Food whose visit to Kent Law School and the University has kickstarted work on how we can become a Right to Food University and make more of a coordinated impact in tackling hunger and improving health outcomes across the country.

Educating the next generation of graduates and ensuring they have the best possible experience with us remains our core purpose, with multiple highlights across the year including a Kent student medalist at the Paralympics, another winning a Young Black Achievers' Award for activism, and international recognition for our work on blended learning through a Learning Technologist of the Year award. Alongside this, the backlog caused by Covid meant that we were blessed with three rounds of graduations, as this year's cohort were joined by those who had missed out on their ceremonies due to the pandemic – these were emotional and joyous occasions and it was a delight to be back in Canterbury and Rochester Cathedrals celebrating in person with our students.

Financially, we continue to both negotiate emerging challenges and take important steps to embed financial sustainability across all aspects of our work. The need for all to focus on this has been made even clearer as, like others, we negotiate the impact of the cost of living crisis. Our academic divisions are playing an increasing role in identifying income growth opportunities across the University, while we continue to identify areas with investment potential, helped this year by capital funding from the Office for Students to improve STEM facilities. The flat tuition fee and wider challenges linked to inflation mean it is still a difficult environment for universities but through a determined effort by so many at Kent we are improving our ability to respond to in-year challenges as they arise.

Lastly, on a personal note, it has been greatly moving to see how the university sector across the UK has mobilised to support those affected by the horrific situation in Ukraine. We are proud of our historic twinning agreement with Kherson State University and of how our community has supported our new colleagues overseas through solidarity events, donations and a developing lecture and teaching series. It is impossible to imagine how hard the situation has been for our Kherson colleagues – providing what support we can has been a timely reminder of the community at the heart of all universities, along with the wider benefit we can have across society.

My thanks to all of our students, staff and partners for your continued support and tremendous work throughout the last year.

Professor Karen Cox
Vice-Chancellor and President

Highlights of the year

The University of Kent is an exempt charity regulated by the Office for Students (OfS). The University's Royal Charter of 1965 established the University Council as the supreme governing body of the institution. The University Council serves as the University's board of trustees and has overall responsibility for the University's strategic aims and direction in the furtherance of the objects defined by the Charter.

Members of the University Council have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. They also refer to the guidance issued by the Office for Students in its role as principal regulator.

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

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

Vision, Values and Identity

Our vision – by 2025

We will be delivering one of the best education and student experiences amongst UK universities that enables and inspires our students. We will be internationally known for a transformative student experience and employability outcomes, regardless of background. Our discoveries and research will emphasise existing and new signature areas, where we match the best in the world.

Our education and research, and the talents of our staff and students, will support social, economic, cultural, intellectual and public life in ways that will make us one of the leading civic universities.

We will have a balanced portfolio of programmes having deepened our science and engineering base, grown our cultural, creative and digital offer and opened the new Kent and Medway Medical School.

We will remain distinctive among our peers in operating with a major stake in continental Europe, with a strong European dimension in our academic activity.

We will be delivering education in a variety of ways; face-to-face, online and through alternative routes, in particular, higher and degree apprenticeships.

Our values

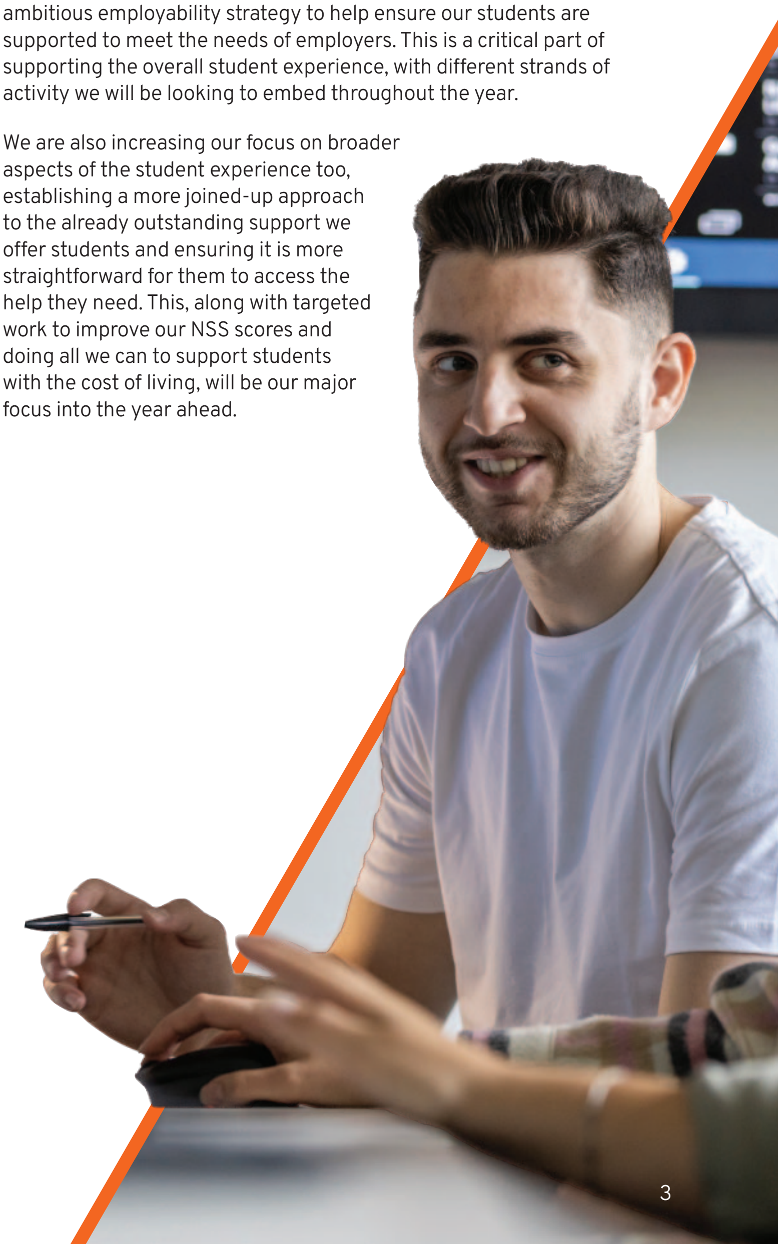
Our values are enduring. We have always been a university that equally values education and research, believing that one enhances the other. We work as a community, based on collegiality. Freedom of speech within the law and freedom of inquiry are fundamental. We are outward-looking; we embrace change 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.

Education and student experience

Recent years have been characterised by a great deal of disruption to both teaching and the wider student experience through the impact of Covid and national industrial action. Our priority as we have returned fully to face-to-face teaching has been to ensure we continue to develop a more personalised and inclusive approach that builds on what we have learnt through the adaptations we have had to make. The consistent thread throughout is an unerring commitment to quality, delivering life-changing education through innovative teaching methods across our curriculum.

We have also put further resource into how we support our students to shape the society they become part of as they leave us, with a new and ambitious employability strategy to help ensure our students are supported to meet the needs of employers. This is a critical part of supporting the overall student experience, with different strands of activity we will be looking to embed throughout the year.

We are also increasing our focus on broader aspects of the student experience too, establishing a more joined-up approach to the already outstanding support we offer students and ensuring it is more straightforward for them to access the help they need. This, along with targeted work to improve our NSS scores and doing all we can to support students with the cost of living, will be our major focus into the year ahead.



Case studies

Rachel Muir Undergrad of the Year

Undergraduate of the Year Award

We encourage our students to excel in everything they do. A perfect example is Computer Science student, Rachel Muir, winner of targetjobs Undergraduate of the Year Award Celebrating Neurodiverse Talent award and a Rolls Royce internship.

Rachel, who plans to study a PhD in software verification next, says: 'I would urge anyone to apply for anything that piques their interest... Even if you have doubts about how far you may get, or whether you have a chance of winning, you can always give it a go. If you're interested about a subject, why would you not be able to do it'.

£1m STEM Funding

£1m-plus STEM funding boost

A £1.15m award from the Office for Students (OfS) will help us transform STEM (science, technology, engineering and mathematics) teaching and facilities for our students and the wider community.

The OfS funding will support hybrid learning, high specification computing teaching laboratories, natural science laboratory technology and facilities, and a render farm for our Forensic Sciences programmes.

'The investment will help us deliver the highest quality of experiential learning in skills required for the future, and play a pivotal role in creating a pipeline of excellent graduates… all of which will benefit our region and beyond', Professor Claire Peppiatt-Wildman, Director of the Division of Natural Sciences.

Research and Innovation

The Research Excellence Framework rightly drew much of our attention this year, with our excellent results helping to raise the profile of research at Kent and reflecting a phenomenal amount of outstanding work across the board. This was underpinned by continued work to establish the supportive and inclusive research culture which will incubate future research success, as part of our determination to be both ambitious in what we can achieve and a sector leader for the environment we create for our researchers.

Complementing the pursuit of intellectually diverse and significant discoveries across the academic portfolio, we continue to build our profile around five key areas of research and innovation excellence:

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

We also continue to build on our important links with industry, proactively seeking ways to connect our research with what businesses are looking for and ensuring Knowledge Exchange is at the front of our minds across our research activity. Through projects such as Growing Kent and Medway, looking at food production methods across the region, and our work with the Port of Dover, we are constantly finding new ways to bring our expertise to bear wherever it is needed most, working in collaboration with talent across other sectors. This will continue as we explore and undertake research with real impact across our portfolio.

Rachel Muir

Port of Dover

Case studies

Abdulrazak Scholarship

Abdulrazak Gurnah Doctoral Scholarship

Last year's fantastic Nobel Prize in Literature award for our Emeritus Professor Abdulrazak Gurnah continues to have an impact across the University, with a new PhD scholarship reflecting our drive to be a world-leading centre of research.

The scholarship for overseas travel is one of two within the University's Migration and Movement Signature Research Theme, a vibrant community of scholars and practitioner academics exploring the human impact of the movement of people. Professor Gurnah's work and personal life have long been recognised and celebrated for highlighting the condition of migrants and refugees.

Port of Dover

Traffic solutions for the Port of Dover

Our close links with regional businesses are demonstrated by a second Knowledge Transfer Partnership (KTP) project between our Kent Business School and the Port of Dover.

The two-year £190,000 project, funded by UKRI through Innovate UK, aims to optimise traffic flows and infrastructure investment at the port in response to evolving post-Brexit regulations and implementation of a new digital border.

'Dover is delighted to collaborate with the University of Kent once again, utilising world-class expertise that's on our doorstep to enhance the Port.' Christian Pryce, Chief Commercial Officer at the Port of Dover.

Engagement and Civic Mission

The return of 'business as usual' across the region has meant increased possibilities for us through our broad engagement work, as we demonstrate our commitment to being a leading civic university across a range of projects and initiatives. Migration and Movement is a Signature Research Theme for Kent and it was a joy to welcome the puppet Little Amal to campus, joined by hundreds from the local community who met her on her visit to Canterbury. Sustainability remains a central priority for the University, with a new mural on campus which celebrates the reintroduction of the bison to nearby Blean Woods. Our commitment to addressing health inequalities locally was also boosted by £1million from the Oak Foundation to support a new Professor of Rural and Coastal Healthcare, supporting the work of Kent and Medway Medical School to address local need.

As we come back together following the impact of Covid-19, there has also been a concerted effort to re-engage staff and students in our work too. This year's Staff Conference saw talks and workshops on rebuilding our community, while our Staff Recognition Awards celebrated individuals and teams who had gone above and beyond in categories including Community Impact and Supportive Colleagues. We also brought students, staff and the community together for our first ever Kent Giving Week, with a range of activities raising more than £20k for our Parkinson's Centre for Integrated Therapy.

All of this work is underpinned by our new People and Culture Strategy, which has a major focus on staff wellbeing and how we can enhance our ways of working to better empower staff across the organisation.

Case study

Generation Genome

Inspiring scientists of tomorrow

A new University documentary series looks set to inspire tomorrow's scientists by involving young people in the crucial debate on genetics and its impact.

Generation Gerome, featuring school children from across the country, was part-funded by the BFI's Young Audiences Content Fund and made with local TV company KMTV.

The series is presented by recent Kent graduate Ogo Anokwuru and Professor Darren Griffin from the School of Biosciences. In six action-packed television episodes, Generation Genome takes its young audience on a thrilling exploration of cutting-edge science, covering a range of topics including mental health and genetics, and designer babies.

Research Excellence Framework

This year's Research Excellence Framework (REF 2021) was a moment of real celebration for Kent, as the results confirmed our place as a leading research university.

The majority of our REF submissions were rated as world-leading or internationally excellent, with Kent rising to 38th in the Times Higher Education's ranking for overall research performance. There were also a number of individual results within this that reflect truly outstanding recent performance. Our History submission was ranked 1st in the country for overall research quality, Law 2nd, Social Work and Social Policy 3rd, and our submissions in Architecture; Classics; Music, Drama, Dance, Performing Arts, Film and Screen Studies; Philosophy; and Theology and Religious Studies were all in the top 10 nationally.

The impact achieved by research is a key element in the REF, and our submission included some outstanding achievements in this area, demonstrating our commitment to benefiting society culturally, economically and socially. We submitted 78 impact case studies to REF 2021, including a project looking to improve the science of making babies that has helped more than 15,000 IVF couples worldwide, and work into loss of biodiversity that is informing Government policy on the impact of climate change. Our core strengths in Creativity, Culture and Heritage; Cyber Security, Digital Technology and Communication; Health, Social Care and Wellbeing; Social Justice, Inequalities and Conflict; and Sustainability, Environment and Natural Resources were reflected across our impact case studies, which showcase a remarkable breadth of research and innovation strength across the University.

As Shane Weller, our DVC Research and Innovation, observes: 'Our results demonstrate that Kent continues to produce research of the highest quality that not only informs and underpins our teaching at all levels but also makes a very clear and significant difference to lives and livelihoods regionally, nationally and internationally.'

For REF 2021, we submitted to 26 of the exercise's 34 Units of Assessment. More than 1,688 research outputs were submitted from 830 staff across the University, with all eligible staff submitted. Both the range of work submitted and the outstanding results reflect a phenomenal effort across the University. The improved performance also points to the strong communal culture at Kent, and it was wonderful to see staff coming together across the University to celebrate our shared success. Work is also now well underway to build on this achievement, particularly in terms of the funding and investment we can now attract.

Generation Gerome Launch by Emily Collins

Mary Rose

Case study

Refugee Tales

Every summer, walkers step out together to raise awareness of people held in indefinite detention in the UK.

The annual walk is a key feature of the Refugees Tales project, started by Gatwick Detainees Welfare Group in 2015, working alongside refugees and people who have experienced detention, writers, poets, actors, musicians, filmmakers and other creative practitioners.

The project is co-organised by David Herd, Professor of Modern Literature at Kent, and Anna Pincus from the GDWG. It has led to four volumes of tales of lived experiences of detention and inspired the University's Walking Inquiry into Immigration Detention in summer 2022.

Saving the Mary Rose for history

Pioneering techniques developed by Kent researchers have helped preserve the pride of Henry VIII's naval fleet.

The Mary Rose sank while engaging the French navy in 1545. Half a millennium later, it was raised from the seabed but, like all timber ships, prone to erosion on contact with air. A Kent team led by the School of Physical Sciences were able to develop a compound to treat the ship's wood and prevent deposits of sulphur salts on its surface.

Today, the Mary Rose is a star exhibit at Portsmouth Historic Dockyard, attracting thousands of tourists every year.

Changes to drug policies and services

Alex Stevens, Professor in Criminal Justice in the School of Social Policy, Sociology and Social Research, has informed changes to drug policies and services in the UK through his research on drugs, crime and public health. This includes the drug-crime link, risk behaviours by young people, the use of evidence in policy, and on quasi-compulsory drug treatment.

Professor Stevens was also the lead author of a report released by the Advisory Council On The Misuse of Drugs that set out key ways in which the government should improve how people with drug problems are brought back into the community when leaving prison. Amongst its nine key recommendations, this report proposed that better individual support plans are created within prisons and probations services to help prisoners who do have drug problems in the run-up to their release. The Advisory Council reports directly to the Home Office.

FINANCIAL AND STRATEGIC REPORT

Financial highlights for the year to 31 July 2022

Financial performance and investment:

	2021/22	2020/21	Movement
Total comprehensive (expenditure)/income	(£65.4m)	£2.6m	↓ £68.0m
as % total income	(25.1%)	1.1%	
Underlying financial performance (see financial performance)	**(£15.3m)**	**£2.4m**	**↓ £17.7m**
Adjusted Net Operating Cashflow (ANOC)[1]	£1.4m	£12.4m	↓ £11.0m
as % total income	0.5%	5.0%	
Total income	£260.4m	£251.0m	↑ £9.4m (+3.7%)
Tuition fee income	£159.4m	£162.3m	↓ £2.9m (-1.8%)
Residences and catering income	£37.7m	£26.2m	↑ £11.5m(+44.0%)
Staff expenditure for the year[2]	£150.2m	£140.9m	↑ £9.3m(+6.6%)
as % total income	57.7%	56.1%	
Capital expenditure	£10.1m	£7.4m	↑ £2.7m

Liquidity, debt and financial viability:

	2021/22	2020/21
Current asset ratio[3]	0.86	0.93
'Available cash reserves'[4] as days' expenditure	45 days	65 days
Net debt (Outstanding loans less cash held)	£70.9m	£66.5m
Net assets (including impact of increase in pension provision related to 2020 USS Valuation)	£204.1m	£269.5m

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 and endowments, less interest paid on borrowing).
2 Total staff costs less the movements in provisions for pension deficit recovery plans and redundancy payments in relation to restructuring schemes.
3 A liquidity measure of ability to pay short term debts, calculated as the ratio between current assets and current liabilities.
4 Measured as cash in hand, short-term deposits and 90% of the market value of current asset investments.

Summary of the year

This year has seen a welcome return to more normal levels and patterns of activity, with students and staff returning to campus, following the significant disruption and challenges arising from the Covid-19 pandemic. This return to campus activities has resulted in increases in both income generation and expenditure, including some targeted investment to ensure future efficiency and sustainability.

Our work to deliver the University's Financial Improvement Plan has continued at pace during the pandemic and helped us to ensure we were able to respond to the challenge. We have made significant progress with the planned cost reduction and efficiency measures, and the financial sustainability work is increasingly focused toward growing income. The underlying level of expenditure has, however, increased by £27.3m as a result of the additional one-off targeted investments, inflation and the return to a full-service campus. Income, on the other hand, has only increased by £9.8m, with related growth plans taking longer to implement as well as an adverse impact arising from a reduced flowthrough in the undergraduate cohort from earlier years continuing into 2021/22. Whilst new headwinds in the form of high cost inflation and the resultant cost-of-living crisis are putting further pressure on the University to deliver further efficiencies, the focus is also on enhancing our ability to generate increased, and increasingly diversified, income, including the continued growth in delivery of Higher and Degree Apprenticeships, and exploration of other alternative routes into Higher Education, including Foundation Programmes and exploring potential for targeted online provision.

The deficit reported for this year of £65.4m is significant, but this is primarily caused by a one-off increase in the pension provision (£54.6m) following the finalisation of the 2020 actuarial valuation for the Universities Superannuation Scheme (USS). Similar deficits will be reported across the sector in other institutions that have a high membership in this scheme, and it has no impact on cash balances or performance against lender covenants. Excluding this exceptional item, and the sale of land during the year, there was a deficit of £11.7m from operations for the year, which is consistent with the budget set for the year (-£11.6m). This represented a £14.4m reduction in performance compared to 2020/21, but reflects the planned return to full activity on campus during the year, along with associated levels of expenditure, and investments made to support future growth plans.

Cash balances fell by £9.1m during the year, largely due to the reported deficit, as well as increased capital investment and the partial repayment of deferred loan balances. This has resulted in a year-end cash balance of £30.5m, equivalent to 45 days cash holding, above the University's financial framework minimum threshold of 40 days. Our balance sheet strength has also seen a planned reduction during the year, with a current asset ratio of 0.86, lower than last year, but ahead of the approved budget for the year and the plan agreed with lenders.

Looking forward, Kent remains on a path to improved financial sustainability, despite challenges from strong headwinds. Early indications for 2022/23 are that, despite a small shortfall in student recruitment, a more concerning reduction in student retention and some additional inflationary pressures, we can, after adjusting our spending plans for the year, perform within the budget we set for a reduced managed deficit. Heading into 2023/24 a return to a small surplus is expected with increased income generation.

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

Financial performance

The University has a reported total deficit for the year of £65.4m. However, this includes a significant one-off movement to the pension provision as a result of the changes in the schedule of contributions for USS following the completion of the 2020 valuation. Excluding this movement, the performance is in line with the budget set for the year, which included additional investment to support future growth, and additional costs arising from a return to on-campus operations. This follows on from the progress being made over the past few years against the Financial Improvement Plan, and the move to a Financial Sustainability Plan for future years. The table below, shows the reported statutory deficit for the year, adjusted for the pension provision movement as well as a number of other non-operational, significant one-off items which, when excluded, show the underlying financial operational performance for the year.

The reconciliation of these two amounts is shown below:

	2021/22	2020/21	Change
	£000	£000	(%)
Total underlying income	**259,230**	249,420	+3.9%
Total underlying expenditure	**(274,512)**	(247,149)	+11.1%
Unrealised (loss)/gain on investments	**(64)**	164	
Underlying financial operational performance	**(15,346)**	2,435	730.2%
In-year movements in pension scheme deficit provision (release against contributions paid plus finance cost)	**4,041**	782	
Cost of redundancy arising from major restructuring	**(1,565)**	(2,174)	
One-off capital grants and donations recognised in year	**1,148**	1,595	
(Deficit)/surplus from operations	**(11,722)**	2,638	
One-off movement in pension scheme deficit provision following completion of 2020 valuation	**(54,616)**	-	
Sale of tangible assets	**963**	-	
Statutory (deficit)/surplus for the financial year	**(65,375)**	2,638	

The underlying financial performance shown in the table above, is a deficit equivalent to 5.9% of underlying income (2020/21: +1.0%), which is below the 2% minimum surplus required level set in the University's Financial Framework, designed to ensure that sufficient cash is generated for the maintenance of the estate and new capital investment to meet the estates strategy. The associated Adjusted Net Operating Cashflow as a percentage of income (see Financial Highlights, earlier) of 0.5% (2020/21: 5.0%) also falls below our internal target of 9%, and has decreased since last year, as a result of the return to normal operations, with higher levels of expenditure, and as a result of £5.2m of additional investment into services and facilities in the year, funded from 2020/21's performance. The University's Financial Sustainability Plan aims to improve surplus and cash generation over the next three years.

Income

Total income increased by £9.4m (3.7%) in the year to £260.4m reflecting more normal levels of operating activity on campus, particularly across our residences and catering operations, following the past few years of Covid-19 impacts.

Income from tuition fees and education contracts decreased by £2.9m overall during the year, with the impact of Brexit now being seen in reduced EU student numbers, as well as greater competition for UK students affecting the in-year intake. Within this overall movement there was increased income from overseas students (+£2.9m) although this income had been adversely affected in 2020/21 due largely to the travel restrictions of Covid-19, and the increase this year sees a return to more normal levels. Significant work has been undertaken over the last couple of years to respond to the extremely changing environment for student recruitment, including influencing conversion behaviour; further work is also ongoing to review the attractiveness of the academic offer and the success of various marketing initiatives, with the launch of a revived, more vibrant, brand this Autumn. This has been further supported by an increased focus on income generation and diversification within academic divisions through growth in areas of high demand and the introduction of new programmes. The increase in income from part-time students reflects the continued growth of Higher and Degree Apprenticeships, with new programmes continuing to be developed with support from the Global and Lifelong Learning unit.

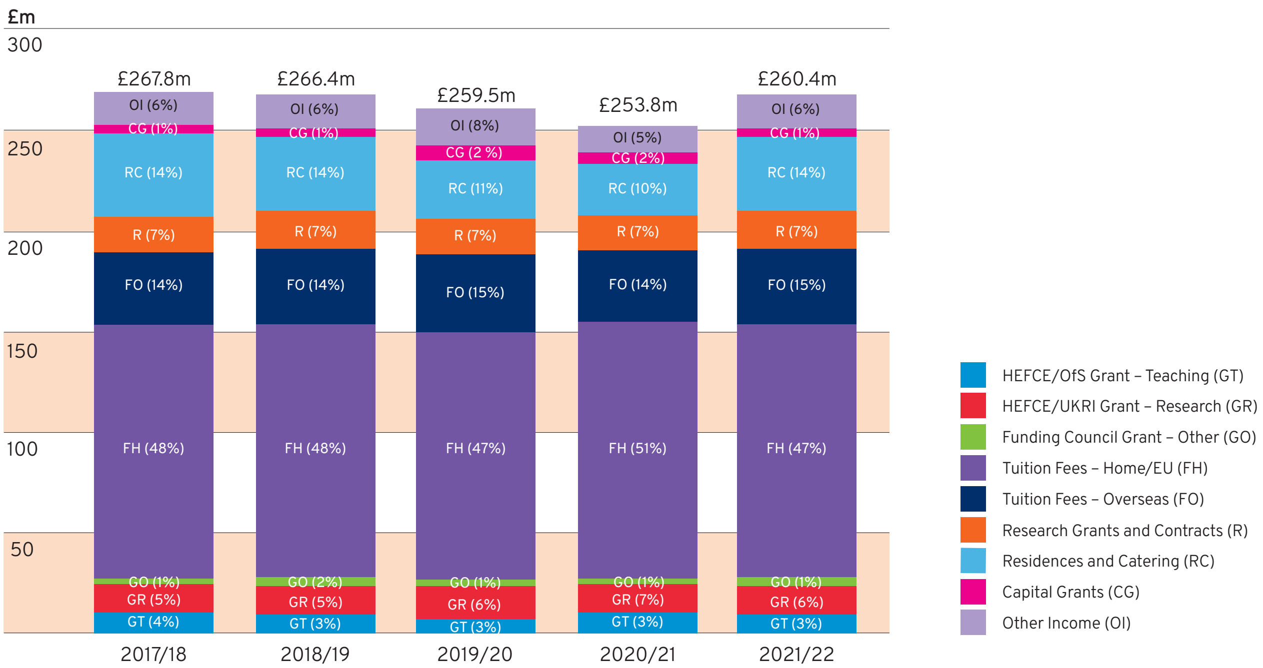
Recurrent grants from Funding Councils were £0.3m lower than last year, largely due to continuing reductions in the recurrent teaching grant, whilst funding for research and innovation has remained stable. In addition, capital grants of £2.1m (2020/21: £3.3m) were received from the Office for Students (OfS) and Research England (RE) to support the provision of new and improved teaching and research facilities through the University's capital programme, including a £1.1m award from the OfS competitive bids round, providing investment to support growth in high-cost subject areas, such as Sciences, Technology, Engineering and Mathematics (STEM).

Income from Research Grants and Contracts increased by £0.5m (2.7%) in the year to £17.7m, despite a challenging and competitive environment for new awards. Income levels are expected to continue to increase in future years as the targeted growth strategy is implemented, with Research and Innovation growth forming one of the key pillars of the University Strategy to 2025. Income from consultancy and innovation grants and contracts has also increased by £1.4m (37.6%) during the year. Work is on-going to monitor performance and ensure that the activity continues to grow in the future and is supported by a central team of staff supporting Research and Innovation work across all academic areas.

As noted above, income from Residences and Catering operations has improved this year, after suffering significantly from the impact of Covid-19 during the last 2 years. Income in this area has increased by £11.5m during the year, returning almost to pre-Covid levels. However, the move to hybrid working and changes in student behaviours over the past year have meant that within this total figure, income from catering operations has remained lower than expected, although costs have been carefully managed to minimise the impact of this on overall performance. Further work is now being carried out to review the offer on campus, particular around catering provision, to ensure that services meet the demands of students and the wider University community in the future.

Income from all other activities has increased by £0.8m during the year to a total of £12.0m. Within this, there has however been a reduction of £0.7m in other grants received which was matched by reduced expenditure in these areas. Other areas of increased income include £0.8m in relation to our Sports, Theatre and Music facilities which fully re-opened in the year after suffering closures during the Covid-19 lockdowns, as well as other improvements in income generating activities.

Analysis of income 2017/18 – 2021/22



Expenditure

Staff pay expenditure, excluding exceptional costs relating to major restructuring and the increase to the pension provision arising from the completion of the 2020 valuation, increased by 4.3% in the year to £145.9m.

Total average staff numbers have risen during the year, with an increase of 73 (2.7%) Full Time Equivalents (FTE). This reversed some of the decreases seen over the past couple of years, which were partly due to a higher than normal level of vacant posts as departmental restructures were being completed. These vacancies are now being filled, particularly in our Academic Divisions, where pay costs have increased by £4.0m (5%) compared to last year. There was a national pay award of 1.5% paid during the year, and additional increments and promotions were awarded following a freeze in 2020/21 as part of the mitigations against income losses from Covid-19. In July 2022, one-off additional payments, totalling £0.9m, were made to all staff impacted by the pay freeze in 2020/21 to recognise the significant contribution our staff made during the Covid-19 pandemic, and to provide some additional support to staff in the current economic climate of rising prices.

In addition to this, many senior members of staff took a voluntary reduction in pay of between 5% and 15%, running for 10 months from August 2020 to May 2021, and costs in 2021/22 for these staff have returned to normal levels.

Costs of pension contributions for staff have also continued to increase during the year, with employers' pension contributions for the Universities Superannuation Scheme (USS) increasing from 21.1% (since October 2019) to 21.4% from October 2021 and again to 21.6% from April 2022, plus contributions to the Superannuation of the University of London (SAUL) scheme increasing from 16% to 19% in April 2022, and a further increase to 21% scheduled in January 2023 (See Note 30 for more details).

There is also a one-off additional cost of £54.6m reported this year in relation to the increase of the pension provision following the completion of the consultation on the outcomes of the 2020 valuation of USS, and the subsequent issue of a new Schedule of Contributions for the scheme, including the increased contribution rates shown above. The value of the provision has increased as a higher proportion of the ongoing contribution rate will be toward resolving past deficits. Other movements in the provision include the annual release against contributions paid, plus other movements reflecting changes in UK gilt yields and updated assumptions on pay inflation and staff number movements. There is no provision required for the Superannuation Arrangements of the Universities of London ('SAUL') pension scheme as it was in surplus at the last formal valuation point as at March 2020, adjusted for market improvement up to April 2021.

Last year, due to the closure of campus during Covid-19 lockdowns, there was a reduction in spend on seasonal staff, particularly in housekeeping, catering and estates management, and spend in many of these areas has now increased as activity on campus has returned to normal. The exception to this is in residences and catering, where staff costs are £1.3m lower than last year, due to a combination of reduced footfall in these facilities compared to pre-Covid levels, and a merger of the commercial services and estates directorates, which has led to a number of efficiencies.

The University monitors its staff expenditure (excluding movements in pension provisions and costs of major restructuring) as a percentage of income, targeting an upper financial framework upper limit of 55% as part of its financial framework to ensure sustainability. During the year, this measure rose slightly from 56.1% to 57.7% as the previous high level of vacancies is now reducing. Following on from the success of the University's Financial Improvement Plan over the past few years, focus is now shifting to a Financial Sustainability Plan, looking to maintain recurrent savings in areas of contraction, but focussing more on growth and income diversification, and moving away from the initial focus on cost reductions. Increases in income in future years are expected to reduce this ratio further, with the eventual aim of returning to the targeted level of 55%.

Other Operating Expenses have increased by £20.6m (27%) during the year to £98.2m. This significant increase follows two years of reductions as all areas of the University were asked to reduce non-essential expenditure as mitigation to the loss of income due to Covid-19. This increase in expenditure this year is seen across almost all departments as activity levels are now returning to normal. In particular, costs within premises management, and residences and catering services have increased by £10.3m as expenditure in these areas was significantly reduced over the Covid-19 lockdowns with only minimal activity taking place on campus. In addition to this, utilities costs are starting to see the impact of recent price increases, and this is expected to continue to rise in future years beyond the level of general inflation. Direct non-pay expenditure on running Academic Divisions has increased by £3.7m during the year, following two years of reduced spend as much of the teaching and support activity took place remotely, but remains lower than the pre-covid spend in 2018/19.

In addition to this, there were also a number of areas of targeted investment during the year in support of future sustainability, including £1.3m within Academic Services to support the move to hybrid working and teaching and improve cyber security across our network and computing systems; £0.7m to support work to improve processes and make better use of automation and systems; £0.3m to fund equipment within Academic Divisions; £0.4m to support overseas students affected by quarantine requirements at the start of the year, and £0.2m to expand employability support for students. There have been a number of targeted efficiency initiatives led by the Procurement team, to ensure that the prices paid for goods are services are carefully managed, and work is on-going to ensure value for money in all areas.

Within the overall expenditure for the year, scholarship and bursary payments to students totalled £11.9m, including those funded by Research grants, with a further £4.3m of fee waivers and discounts, aimed at improving student recruitment, which have been set against reported income from tuition fees. This reflects the continued commitment of the University to widening access to higher education.

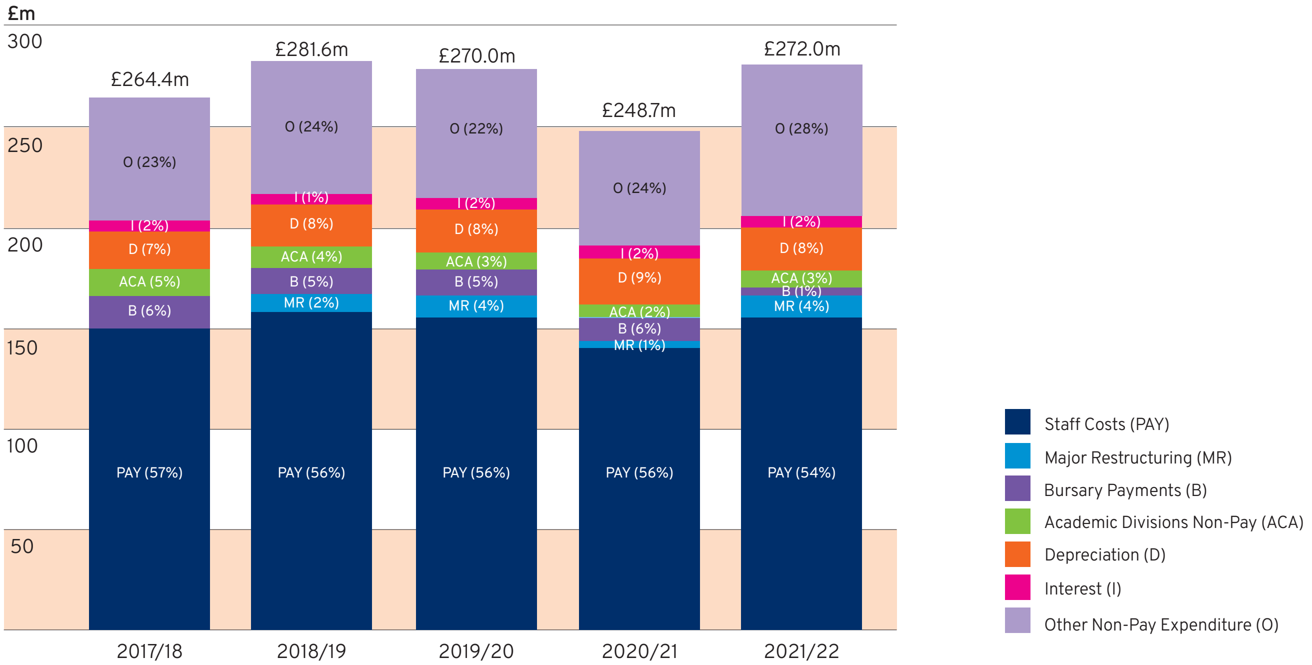
Interest paid on borrowing has reduced by £0.3m during the year, as an additional repayment of loan capital was made in January following the improved performance for 2020/21. More detail on this is provided in the Balance Sheet section below. The finance cost arising from the unwinding of the provision for the USS deficit recovery plan is £0.3m, similar to last year, although this is now expected to increase in future years following the increase in the pension provision arising from the completion of the 2020 valuation as noted above.

Cash flow

Net cash received from Operating Activities during the year was £6.7m, a decrease of £10.5m from 2020/21. This reflects the planned increase in expenditure this year as activity returned to campus following Covid-19, plus the additional investments made to support future sustainability. Overall cash balances also reduced by £9.0m during the year to £30.5m. 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 2022 these liquid reserves represented around 45 days' expenditure (2021: 65 days), which is above this minimum level. At its lowest point, at the end of April, the value of liquid reserves held by the University fell to around 40 days' expenditure (April 2021: 27 days). This reduction in cash levels in April is due to the timing of UK/EU undergraduate tuition fee receipts from the Student Loans Company (SLC), with 50% of this annual income being received in the third week of May, although the University works to manage the impact of this income timeline by monitoring and managing levels of spend across the year as much as possible.

As at 31 July 2022 the University had net debt of £70.9m (2021: £66.5m) meaning that the cash and cash equivalents held were lower than the outstanding value of loans. This is within the University's Financial Framework and financial covenants agreed with lenders.

Analysis of expenditure* 2017/18 – 2021/22



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

Balance sheet

The University's Consolidated Balance Sheet position has weakened during the year, largely due to the net increase in the pension provision for USS (£50.6m), as well as the underlying operational deficit for the year. As at 31 July 2022, there were Net Assets of £204.1m (2021: £269.5m) and there remains a net current liability of £9.9m (2020/21: £4.6m) resulting in a current asset ratio of 0.86 (2021: 0.93). Receivable balances have increased again during the year, by £3.5m, with a decrease in outstanding balances relating to research grants and contracts (-£2.2m) being more than offset by increases in student and commercial debtor balances (£3.7m). The increase in student balances reflects a change in behaviour seen over the past few years, due to Covid-19, and the ongoing economic uncertainty. Outstanding balances are being actively pursued, and the provision for bad debts has been maintained at the higher level following a significant increase of £1.7m during 2020/21. Work on research and innovation projects is now returning to normal, reducing the level of income received on account for this work by £5.9m. This is largely offset by an increase in general creditors and accruals of £5.6m, as much of the additional investment spend during the year was completed in the later months of the year. Debtor balances are expected to fall again next year as activity patterns across the year are now returning to normal.

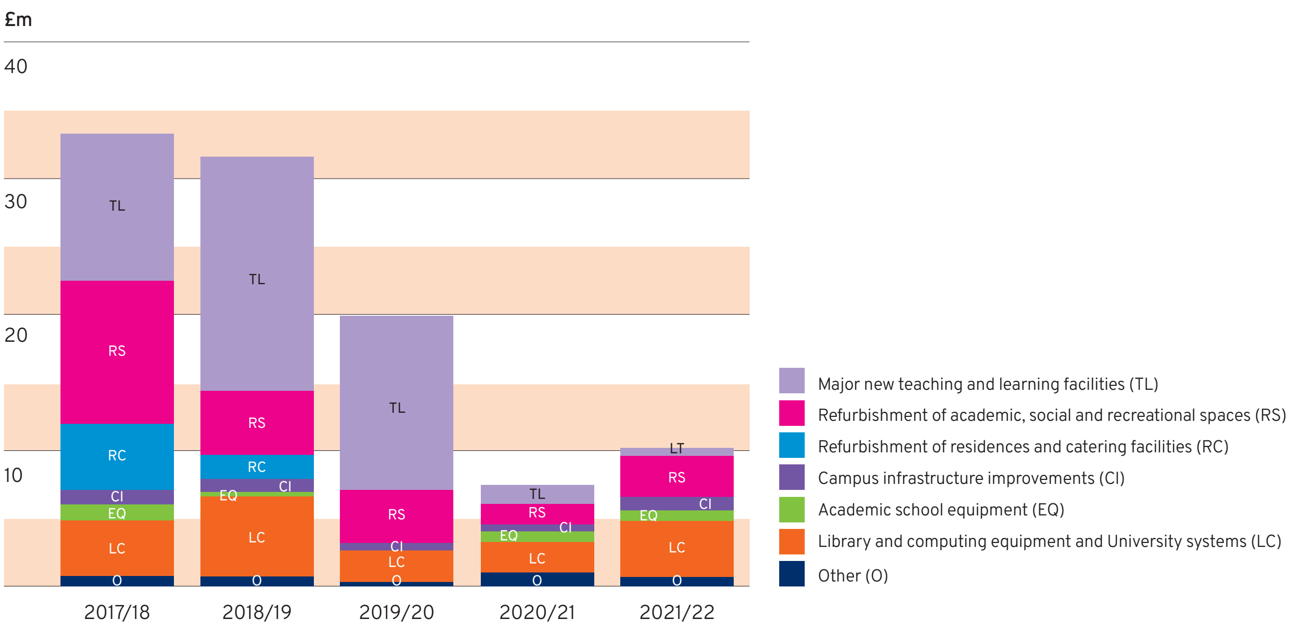
The University's Balance Sheet recognises a provision for USS at 31 July 2022. This provision was increased significantly during the year by a net £50.6m to £86.8m and reflects the present value of the increased employer contributions being made under the deficit recovery plan agreed on completion of the 2020 actuarial valuation. Further information on the pension schemes and their annual funding position can be found in Note 30 to the financial statements.

Capital expenditure and long-term borrowing

Capital expenditure amounted to £10.1m (2020/21: £7.4m) during the year. This increase follows a significant reduction in development spend during 2020/21 reflecting the need to balance the on-going investment in the University's estate and systems, with reduced access to campus during lockdowns, and the careful management of available cash balances during the Covid-19 pandemic. Spend during the year included the replacement of cladding for the main administrative building on the Medway campus (£1.4m); improvements to the central boiler house at Canterbury which provides heating and hot water to a number of buildings on the central campus, improving energy efficiency and extending the lifespan of this facility (£0.8m); replacement of sport pitches to provide both 3G and Astro playing surfaces for students and the wider community (£1.0m); and investment in major teaching and research equipment in our Academic Divisions (£1.0m). Work has also progressed on a major project to upgrade the Wi-Fi system across the University, and work to provide additional functionality and improved reporting from our new student data system as well as the development of other business information systems across the University (£4.8m). The chart below provides a breakdown of expenditure against different elements of the capital programme over the past five years.

The capital programme for the next five years was agreed by the University's Council in June 2022. Due to further expected challenges in income generation over the next few years, increased costs arising from increasing inflation, and the need to conserve cash, the associated capital funding strategy does not include any further borrowing and has been constrained, focusing only on developments that will enable academic growth, improve the staff and student experience as well as addressing areas of backlog maintenance. As a result, the projected capital spend for the 5 year period from 2022/23 is just £71.2m compared to spend of £102.4m over the past 5 years, including the significantly reduced spend in 2020/21. Our priorities during this time will be on delivering the facilities for the expansion of academic divisions that are recruiting well or will be recruiting to new programmes, enabling better and more efficient use of space, enhancing the quality of the residential estate, as well as ensuring a safe and well-maintained campus at both Medway and Canterbury. There are also plans for an externally funded new development, in partnership with Medway Council and the Chatham Historic Dockyard Trust, to create a new hub for the cultural and creative industries in Medway (the 'Docking Station'), with a focus on immersive digital technology, innovation and research. The cost of this new facility is expected to be supported by external capital grants and donations, and fundraising work is underway for this.

Capital expenditure 2017/18 – 2021/22



Outstanding bank loan debt has decreased by £4.8m during the year. The agreement with the University's lenders in January 2020, and the subsequent amendment in December 2020 included the deferral of all capital repayments against existing borrowing until May 2023, plus deferral of interest payments due to the European Investment Bank (EIB), effectively increasing the level of short-term borrowing. As a result of the improved performance in 2020/21 an early repayment was made during the year, which cleared the balance of deferred interest with EIB and repaid some of the deferred capital balances, resulting in a reduction of the overall outstanding balance. More information on the agreement can be found in Note 18. Overall borrowing levels stand at 38.9% of total income (2021: 42.3%), with the reduction due to both the reduction in outstanding balances and the increase in income during the year.

Future outlook, risks and going concern assessment

We reported in 2020/21 on the unprecedented challenges the Covid-19 pandemic had placed on Kent, along with the entire UK HE sector, recognising the fortitude and adaptability of our staff and students to ensure Kent could mitigate the adverse impacts. 2021/22 was a year of recovery, with student life returning to campus and student numbers and residency levels rising, although there remains further work underway to achieve financial sustainability.

2021/22 also saw the University make significant progress in the delivery of its Financial Improvement Plan, having made substantial reductions in its cost base and changing budget and spend behaviour and moving its focus onto a series of projects and initiatives aimed at delivering and maintaining financial sustainability. A significant shortfall in the number of students returning to study in September 2022 after the summer break has, however, necessitated a series of further short-term cost reductions and an acceleration and deepening of the sustainability initiatives. This programme of work represents the ongoing drive to increase student recruitment, improve student retention, expand research activity and diversify income, alongside initiatives to reduce administrative burdens and generate institutional efficiencies. Particular initiatives include work to further reduce operating costs and introduce zero-based budgeting for input costs, as well as work to review the academic portfolio and ensure Kent is sufficiently agile to respond to changes in student demand. This work is essential to ensure Kent achieves full financial sustainability.

In 2020 we reached an agreement with our lenders to defer repayment of some of our loan indebtedness, and during 2021/22 we have been able to start repaying some of these amounts as a result of improved performance during 2020/21. We also agreed with our lender group that some of this excess performance would be reinvested into a programme of activities across the university over 2021/22 and 2022/23 to enhance student teaching facilities and employability in order to maintain Kent's competitiveness and we agreed revised covenant levels with lenders to reflect the additional spend. This activity, which is a testament to our positive relationship with our lenders, has also enabled us to make further enhancements to safety and cyber security to increase our resilience to deal with the economic, environmental and sector-specific threats that we face. During 2022/23 and 2023/24 we will repay the final deferred sums to our lenders and return to a normal loan amortisation profile. Our financial forecasts show Kent moving toward generating increased surpluses in successive years as these strategies contribute toward increased financial sustainability. There are significant headwinds and risks along the way, particularly around inflationary pressures on our cost base and competitive activity within the Sector, which are being kept under review by management.

Risks

The Covid pandemic is now firmly in the University's rear-view mirror and income, activity and cost bases have reset to more normal levels. The risks around the potentially challenging increase to pension scheme contributions referred to in the 2020/21 report have also been resolved with the conclusion of the valuation of the USS pension scheme and a stabilized contribution level. However, significant challenges remain ahead, particularly as the University looks to further improve its financial sustainability, in a climate of frozen UK tuition fees, competition for students, a harsh cost-of-living crisis and significant energy and input price increases.

This coming year has also seen a new challenge, with lower levels of student retention as cohorts move from one stage to the next throughout their period of study. Likely to be a consequence of the cost-of-living pressures facing the UK at present, as well as these being cohorts that have experienced disruption throughout the pandemic, this appears to be affecting a number of institutions across the sector. For Kent, this has led to some unexpected and unwelcome income shortfalls, which the University is now working hard to turn around and fully mitigate. Whilst it is not believed that such high levels of attrition will continue and the University is focusing on ensuring students are being adequately supported throughout their time here, there remains a risk that until the economic situation improves, retention levels may continue to be affected.

The continuing freeze on UK undergraduate tuition fees, that has been in place since 2012, has been confirmed until 2024/25, exerting ongoing pressure on the University's ability to operate sustainably. This pressure has become more acute in 2022/23 with significantly higher levels of inflation on staff and non-pay inputs, most especially energy costs which have risen disproportionately as a result of the Ukraine conflict. Kent is addressing these cost pressures with tactical and strategic procurement engagements and in the case of energy with a programme to reduce usage through building controls and eventual decarbonisation. This sits alongside initiatives to introduce a rigorous approach to examining costs and structures, while seeking to grow student numbers as the UK's 18-year old population expands and to diversify income under its Financial Sustainability Plan.

Alongside this, the student recruitment environment continues to remain intensely competitive for all students. With increased competition within the sector for an expanding UK demographic of students, alongside a very steep decline in the number of EU applications, Kent has had to take a prudent view of the level at which student numbers can expand, and is aware that the offer to undergraduate and postgraduate applicants, from all territories, needs to remain relevant, engaging and well-marketed. Kent is also aware that student demand in differing disciplines can vary significantly, and work is underway to ensure Kent can flex its scale of delivery to address waxing and waning demand. Applicants and enrolments from International students, outside of the EU, continue to recover strongly from the reduced levels during the pandemic and there is scope to make targeted increases in student numbers here.

The risks outlined above are considered to be 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 increasing compliance burdens that are placed on the sector through the UK Visa and Immigration requirements, data reporting, Competition and Markets Authority guidance and requirements of the sector regulator, the Office for Students (OfS). This increased level of regulation adds an overall administrative burden, and operating cost, without leading to immediate tangible benefits to the student experience. At Kent these areas of regulation are monitored regularly. Our programme of risk management enhancement has identified areas in which further targeted investment may assist in demonstrating ongoing compliance and this work is underway.

Budget for 2022/23 and Going Concern Assessment

The University's budget for 2022/23 marks another step on the journey to financial sustainability, with a reduced operating deficit budgeted for the year, of £6.0m. This £5.7m improvement on 2021/22's performance reflects the completion of major cost saving initiatives delivered under the Financial Improvement Plan and a greater focus on income growth – from projected increased student numbers and higher levels of funded research activity and on-campus operations. The budget has also provided for new investment to achieve future growth, deliver the University's strategy and address increasing energy costs and inflation, driven by the post-Covid environment and the conflict in Ukraine.

Adjusted Net Operating Cashflow is budgeted to be £11.3m, equivalent to 4.1% of income with an expectation of achieving a small surplus in 2023/24 and increased Operating Cashflows. For 31 July 2023 we budgeted closing cash reserves equivalent to 26 days' worth of expenditure, a reduction from July 2022 as a result of planned repayment of short-term debt.

We have now completed our first quarterly performance review for 2022/23, which has confirmed that we remain on track to achieve the budgeted operating result, albeit with a reduction in income due to lower levels of recruitment and retention to which we have responded with newly implemented short-term cost reduction measures, whilst also offset with success in obtaining increased grant income.

With the first quarter's performance now delivered, 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 budgeted and forecasted baseline performance, to further consider a more remote Plausible Worst-Case Scenario and, finally, to evaluate the support offered by available financial improvement measures to withstand further risk, a process known as Reverse Stress Testing.

The University's budget and forecasts to 31 July 2024 demonstrate that it will be able to meet all financial covenants with adequate headroom and to maintain sufficient cash levels at all times.

The University's Plausible Worst-Case scenario makes provision for the impact of potential material risks that are considered less likely to occur. This scenario includes the combined adverse impacts of lower student numbers in 2023/24, should student recruitment and retention not perform as expected, delays in achieving research income growth and implementing cost saving measures, further increases in utility costs and a higher pay settlement for 2023/24, with some impact on 2022/23. Our review identified that there were sufficient short-term mitigating actions available to address these adverse impacts on liquidity and covenant compliance. These include delaying revenue investment and reducing non-essential spend and these levers would be used while longer-term resolution of underlying issues was put in place. The University has demonstrated that it can successfully use levers like these during 2020/21 in response to the challenges of Covid and has a successful track record of reducing costs in our Financial Improvement Programme. These mitigating measures, which are wholly within control of the University's management, are sufficient to ensure that the University could maintain sufficient cash levels, in line with the budget and forecast, and meet all financial covenants with comfortable headroom.

The University's Reverse Stress Test scenario assessed deeper versions of the risks in the Plausible Worst-Case scenario, as well as additional and more remote risk. This included a much more adverse recruitment and retention shortfall, a more challenging pay settlement, further inflationary impacts on energy costs as well as across the wider cost base and delays in targeted, permanent, cost saving measures. When combined, these risks would put considerable further pressure on operating performance and cash generation. In this test, we concluded that there remained sufficient usable levers available and that, with the application of these levers, cash levels could be maintained and all financial covenants would be met.

Council's review demonstrated that, under the budget and forecast, as well as the Plausible Worst-Case and the Reverse Stress Test scenarios, 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, with headroom available.

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

Management of performance and risks

The University measures its performance against peers and internal targets and reports annually 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 refreshed strategy to 2025. These are Education, Research and Innovation, Engagement and Civic Mission, Sustainability and Governance. Monitoring is performed over baskets of individual KPIs. Specific areas of sustainability assessed include student recruitment, income generation, cash reserves and adequacy of the estate.

Other indicators monitored within this process include sector positioning, student satisfaction, completion and employability, research income generation and research impact as well as a range of measures of social and environmental impact. Each individual KPI is reported using a traffic light system to determine whether performance is on target or whether intervention or remedial action is required to improve performance. This information is consistent with data reported in returns submitted to OfS in the Annual Accountability process. Throughout the year, Council members received reports across the range of the University's activity, summarising performance in these areas. These included updates on student applications and registration, national and international league table rankings, research awards and partnerships and equality, diversity and inclusivity. The University also reports progress made against objectives set out in the Institutional Plan.

Conclusion

The last year was one of cautious optimism as we returned much of our activity to business as usual following the initial impact of the Covid-19 pandemic. However it is clear that the legacy of the pandemic and other world events means we will remain in an unpredictable external environment for some time, with a knock-on effect both on what students are looking for and on wider funding plans across Government.

This means our focus remains firmly on embedding financial sustainability into everything we do, building up the capacity for us to weather unpredictable storms and focus on areas of growth and strength across the University. This includes building on the fantastic REF 21 results, working to ensure we develop and improve our overall course offer and focussing on what students are really looking for at Kent so we can deliver a strong NSS result.

The cost of living is a real concern for students and staff alike and we will also be making sure we do all we can to put in place appropriate support measures to address these issues where we can. We will also build on our renewed focus on employability, ensuring we link students up with what employers and government are looking for in the years ahead and fulfilling our wider duties as a civic university.

Finally I would like to thank everyone across our community for their considerable efforts over the last twelve months to recruit, develop and support outstanding graduates from Kent. I look forward to continuing to work together in the months ahead to ensure everyone who works, studies or visits here has the best possible experience with us.

Professor Karen Cox

Vice-Chancellor and President
8 December 2022

Membership of University Council

Chair of the Council:	Dame Ursula Brennan
Deputy Chair of the Council/Chair of the Finance and Resources Committee:	Andrew Newell
Vice-Chancellor and President:	Professor Karen Cox
Deputy Vice-Chancellor for Academic Strategy, Planning and Performance:	Professor Georgina Randsley de Moura
Deputy Vice-Chancellor for Education and Student Experience:	Professor Richard Reece
President of Kent Union:	Aisha Dosanjh (to July 2022) Zaid Mahmood (from August 2022)
External members:	Colin Carmichael Daniel Cook Martin Cook (to December 2021) Wei Xian Chan Michael Crick Neil Davies Mayuri Lakhani Kim Lowe Gabriel MacGregor Mark Preston Mark Malcolmson (to July 2022) Gill Nicholls (to June 2022) Timi Okuwa (from November 2021 to October 2022)
Staff and Student representatives:	Chris Barron Dr Owen Lyne (to July 2022) Dr Will Norman (from August 2022) Thomas Freeston (to July 2022) Mimoza Osmani (from August 2022) Tobi Obaremo (to July 2022) Ben Bradley (from August 2022) Alex Perkins Professor Iain Wilkinson
Total Membership:	**26**

Secretary of the Council:	Dr Sinead Critchley
The Chairs of Council committee were as follows:	
Audit Committee:	Mark Preston
Ethics Committee:	Gabriel MacGregor
Finance and Resources Committee:	Andrew Newell
Honorary Degrees Committee (Joint Committee with Senate):	Professor Karen Cox
Lay Nominations Committee:	Dame Ursula Brennan
Remuneration Committee:	Kim Lowe

Statement of responsibilities of university council

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2019) and any subsequent amendments and the Office for Students' Accounts Directions.

In addition, within the terms and conditions of the Office for Students, the Council, through its accountable officer (the Vice-Chancellor and President), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the group and of its surplus or deficit, gains or losses, changes in reserves and cash flows of the group for that year.

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

The Council has taken reasonable steps to:
- Ensure that funds from the Office for Students/Research England are used only for the purposes for which they have been given and in accordance with the Office for Students terms and conditions, Accounts Directions and any other conditions which the Office for Students and Research England may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- 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;
- Safeguard the assets of the University and prevent and detect fraud, bribery and other irregularities; and
- Secure the economical, efficient and effective management of the University's resources and expenditure.

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

Principal Officers and Honorary Degrees

Principal Officers

Visitor:	The Lord Archbishop of Canterbury
Chancellor:	Gavin Esler
Chair of the Council:	Dame Ursula Brennan
Vice-Chancellor and President:	Professor Karen Cox
Deputy Chair of the Council:	Andrew Newell
Deputy Vice-Chancellor, Academic Strategy, Planning and Performance:	Professor Georgina Randsley de Moura
Deputy Vice-Chancellor, Education and Student Experience:	Professor Richard Reece
Deputy Vice-Chancellor, Research and 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 Simon Kirchin (to December 2021) Professor Juliette Pattinson (from January 2022)
Director of the Division of Natural Sciences:	Professor Claire Peppiatt-Wildman
Director of the Division of Computing, Engineering and Mathematical Sciences:	Professor Ben Cosh
Director of the Kent Business School:	Professor Marian Garcia
Director of the Division of Human and Social Sciences:	Professor David Wilkinson
Director of the Division for the study of Law, Society and Social Justice:	Professor Toni Williams (to September 2022) Vacant (from October 2022)
Dean of the Graduate and Researcher College:	Professor Paul Allain (to July 2022) Professor Gordon Lynch (from August 2022)
Dean for Europe:	Professor Jeremy Carrette
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 Sinead Critchley

Honorary Degrees

Due to the restrictions as a result of the Covid-19 pandemic, no Congregation ceremonies took place in summer 2020 or during the 2020/21 academic year. As restrictions to social gatherings lifted, the University was able schedule ceremonies in the spring and summer of 2022. The following Honorary Degrees were awarded at ceremonies in March and July 2022:

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

- Dalia Halpern-Matthews FRSA, Doctor of Arts
- Dina Asher-Smith, Doctor of the University
- Dr Nike Folayan, Doctor of Science
- Professor Richard Hodges OBE, Doctor of Letters
- Ptolemy Dean OBE, Doctor of Arts
- Daniel Rubin, Doctor of the University
- Joe Egan, Doctor of Laws
- Keith Teare, Doctor of the University

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

- Professor Abdulrazak Gurnah, Doctor of Letters
- Susan Wanless, Doctor of Music
- Dr Howard Leicester, Doctor of Science
- Professor Kevin Hylton, Doctor of Science
- Mark Lane, Doctor of the University
- Mark Thomas, Doctor of Arts
- Dame Stephanie Shirley, Doctor of the University
- Olufunke Abimbola MBE, Doctor of Laws
- Tiwa Savage, Doctor of Music
- Kush Kanodia, Doctor of Science

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 2021/22 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 (59 members in 2021/22) mostly from the academic and research staff and students of the University. Senate is responsible for the teaching and research work of the University. The Vice-Chancellor and President is ex officio Chair of Senate. The Senate has a range of boards to undertake much of the detailed work including the Academic Strategy, Planning and Performance Board, Education and Student Experience Board, Research and Innovation Board, Graduate and Researcher College Board, and Research Ethics and Governance Board. It has a Joint Committee with Council for the award of Honorary Degrees.

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

The Vice-Chancellor and President, the University's principal academic and administrative officer, has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. The Vice-Chancellor and President is the Accountable Officer of the University and in that capacity can be required to appear before the Public Accounts Committee. The Vice-Chancellor and President is required to provide an annual report to Council each Autumn on matters delegated by the Council and those arising from the Statutes.

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

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

The work of the Council and its Committees

Council has at least five business meetings and one strategy meeting each academic year. In the 2021/22 year there were six business meetings. Key activities in 2021/22 included: student recruitment; university league table performance; the approval of an Anti-Racism Strategy and a People and Culture Strategy; the governance and oversight of major projects including Kent Vision; the impact of the REF2021 outcome; the approval of a new risk management framework; presentations on activity and performance from the academic Divisions; and financial sustainability. It has maintained oversight of the University's implementation of its duties under the Counter Terrorism and Security Act, the Modern Slavery Act and its responsibilities to protect free speech within the law.

Council has monitored institutional performance through Key Performance Indicators and league tables. Council is committed to equality, diversity and inclusivity and it has approved an annual report on the University's progress in this area. It continues to work with Senate in regards the oversight of academic governance and assurance. It has received regular reports of the meetings of Senate in addition to reports on student recruitment, 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 higher education environment in 2021/22, including in regards to the return to on-campus delivery as the Covid-19 restrictions eased. Time was also spent on the future size and shape of the university and financial sustainability generally. The aim of the Council discussions has been to ensure that the University is able to make progress against its strategic objectives and to take appropriate steps to mitigate risks.

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 generally meet two or three times per year.

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

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

The Lay Nominations Committee is responsible for making recommendations to Council for the appointment of lay members. In fulfilling this responsibility, it takes account of the balance of skills across the membership and the need for Council to be effective as the governing body. It also takes account of the University's policy on equality, diversity and inclusivity and has made a particular effort to improve the gender balance of Council membership. Five new lay members were recruited to Council for 2021/22 through an open competition and the recruitment process is underway for four new members to join in 2022/23.

The Remuneration Committee is responsible for considering and approving the remuneration of the University's Vice-Chancellor and President, Deputy Vice-Chancellors and the Chief Finance 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 was established by Council at its meeting in October 2016. The Committee has approved an overarching Ethics Code for the University which was published in the 2018/19 year. The Committee maintains oversight of the Code of Practice for the Protection and Freedom of Speech and the work of other bodies concerned with ethical matters including: the Anti-bribery and Corruption Review Group; the Development Office regarding fundraising; the Research Ethics and Governance Committee; and the International Partnerships Approval Panel.

Effectiveness of Council and its Committees

An external consultancy, Halpin, was appointed to lead a Review in the 2019/2020 academic year. The final report was delivered in April 2020 and its recommendations and considerations were reported to Council.

During 2021/22, Council made further progress against implementation of the recommendations, encapsulated in 'How Council Will Work'. It is anticipated that an effectiveness review will be conducted during 2023/24, following the appointment of a new Chair of Council in July 2023.

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 its 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 with 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 2022 and up to the date of approval of the Financial Statements for 2021/22 and it accords with the guidance from the Office for Students.

An internal audit of risk management in 2019/20 identified that while there are strengths in the Risk Management process, there is scope for improvement and gave a 'limited assurance' opinion over this process. A project has been underway to enhance the risk management system, and a new Risk Management Strategy and Framework was approved by Council in June 2022. This revised risk management framework will facilitate closer integration with strategic planning, business planning and process review, and will 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.

During 2021/22, a programme of internal audit was completed, with a number of others underway and 'Lessons Learnt' follow-ups undertaken, across a range of financial, operational and strategic internal controls. A limited assurance opinion was given on three internal audits:

i on an internal audit of Finance Systems Brussels, which identified the need for closer integration between colleagues based in Brussels and the central procurement team with a functional reporting line defined; for contracts to be established for frequently used goods and services; for an appropriate level of segregation of duties to be built into the process for purchasing and payment of goods and services; and for aged debts to be transferred to the Credit Control Team for decisions on whether to write off or pursue the debts.

ii on student data quality, which identified the need to enhance controls in relation to system documentation policy and practice; system auditing data governance and data quality issues.

iii on risk management of students and staff travelling overseas – which identified the need to enhance controls in relation to the University's ability to fulfil its duty of care by being able to contact all students and staff travelling overseas in the event of an emergency, to join up travel booking requirements and to formalise protocols for dealing with international emergencies where the University has students and/or staff.

The Internal Audit plan has been mapped against the new Risk Management Framework and a risk based approach to audit for future years is being embedded.

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

- Every three or five years Council approves a new University Plan; the version in effect for the period of these accounts was that for 2020-2025 (and may be seen on the University's website as Our Strategy: Kent 2025). Council approved this plan during 2020/21 and continue to monitor progress towards its objectives;
- 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 and the Head of Internal Audit, each including an evaluation of the assurance provided by internal controls;
- The Vice-Chancellor and President and Executive Group are responsible for the management of the University, including oversight of risk management and consideration of monitoring against risk and value for money (VfM);
- Internal Audit's work, focusing on areas considered to be high risk, plays a valuable role in providing assurance on the adequacy and effectiveness of risk management, control and governance arrangements and VfM. The Internal Audit Strategic Plan is regularly reviewed and flexed to address any issues that may arise;
- The Audit Findings Report of the External Auditors includes recommendations on improvements to internal controls identified during the course of the audit work. These are reviewed by management and actions taken where appropriate;
- The Audit Committee meets at least four times a year and receives regular reports from the Head of Internal Audit which include an independent opinion on the University's system of control and recommendations for improvement, and the termly monitoring reports on risk management and VfM. It also reviews progress on implementing Internal Audit and External Audit recommendations;
- The University's system of risk management during this interim redesign phase focuses on reviewing the most important risks, the Significant or Contingency Risks, and the actions taken to mitigate them, via monitoring reports. Council has undertaken an overall assessment of the effectiveness of risk management and internal control, informed by reports from the Audit Committee, the External Auditors in their Management Letter, the Internal Auditor, from the Vice-Chancellor and President, from other executive officers.

Council considered that, in the light of all the evidence, the University's internal control was sound for 2021/22 and to the date of its approval of these Financial Statements, and that is hereby confirmed for the record. The evidence taken into account by Council included the observations of the External Auditors on the Financial Controls, the Internal Audit Annual Report which provided 'satisfactory assurance' and the outcomes of Internal Audit reviews over recent years, consideration of the arrangements for risk management and value for money and assurances from management on the prompt progress in addressing recommendations.

Signed on behalf of the University of Kent on 8 December 2022 by

Dame Ursula Brennan
Chair of the Council

Professor Karen Cox
Vice Chancellor and President

Independent auditors report

Grant Thornton

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Opinion

We have audited the financial statements of University of Kent (the 'university') and its subsidiaries (the 'group') for the year ended 31 July 2022, which comprise the Consolidated and University statement of comprehensive income and expenditure, Consolidated 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's and the university's affairs as at 31 July 2022, and of the group's and the university's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the university's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the university to cease to continue as a going concern.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the 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.

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

The responsibilities of the Council with respect to going concern are described in the 'Responsibilities of the Council for the financial statements' section of this report.

Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report[5] set out on pages 1 to 56, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

5 The term used to describe the annual report should be the same as that used by management.

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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 or a material misstatement of the other information. 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)

In our opinion, in all material respects:

- 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;
- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS's accounts direction (issued October 2019) 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 (issued October 2019) requires us to report to you where:

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

Responsibilities of the Members of the Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on pages 23, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the group's and the t university's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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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 general commercial and sector experience, discussions with management and inspection of legal expenditure accounts. We determined that the following laws and regulations were most significant:
  - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';
  - Statement of Recommend Practice (SORP): Accounting for Further and Higher Education 2019;
  - OFS framework, Terms and Conditions of Funding, OfS Accounts Direction (October 2019), Relevant OfS regulatory notices and advices; and
  - Research England Terms and Condition of Funding.
- We assessed the susceptibility of the 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. We determined that the principal risks were in relation to:
  - Journal entries posted outside of our expectations; and
  - Management estimates and judgements.
- We completed procedures to conclude on the compliance of disclosures in the financial statements with the applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding and practical experience with audit engagement of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the client operates; and
  - Understanding of the legal and regulatory requirements specific to the entity.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential fraud in income recognition through the inflation of income;
- In assessment the potential risk of material misstatement, we obtained an understanding of:
  - The group and university's operations, including then nature of its income sources and services to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that many result in risk of material misstatement; and
  - The group and university's control environment, including:
  - Management's knowledge of relevant laws and regulations and how the group and university is complying with those laws and regulations;
  - The adequacy of procedures for authorisation of transactions;
  - Internal audit and reviewing any internal audit reports relevant to the financial year; and
  - Procedures to verify that possible breaches of laws and regulation are appropriately resolved.

Use of our report

This report is made solely to the university's Council, as a body, in accordance with the Charter and Statutes of the university. Our audit work has been undertaken so that we might state to the university's Council those matters we are required to state to it 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
9 December 2022

Financial statements

Consolidated and University statement of comprehensive income year ended 31 July 2022

	Note	Consolidated and University 2021/22 £000	2020/21 £000
Income			
Tuition fees and education contracts	1	**159,370**	162,271
Funding Council grants	2	**28,445**	30,392
Research grants and contracts	3	**17,696**	17,228
Other income	4	**53,599**	40,350
Investment income	5	**106**	181
Donations and endowments received	6	**1,162**	593
Total Income		**260,378**	251,015
Expenditure			
Staff costs	7	**145,881**	139,853
Restructuring costs	7	**1,565**	2,174
Increase to pension provision arising from change in Schedule of Contributions	7	**54,616**	-
Other operating expenses	9	**98,172**	77,580
Depreciation and amortisation	11/12	**21,226**	23,454
Interest and other finance costs	8	**5,192**	5,480
Total Expenditure		**326,652**	248,541
(Deficit)/surplus before other gains		**(66,274)**	2,474
(Loss)/gain on Investments		**(64)**	164
Gain on sale of tangible assets		**963**	-
Surplus and total comprehensive income for the year		**(65,375)**	2,638
Represented by:			
Endowment comprehensive income/(expenditure) for the year		**62**	(56)
Restricted comprehensive income/(expenditure) for the year		**144**	(139)
Unrestricted comprehensive (expenditure)/income for the year		**(65,581)**	2,833
		(65,375)	2,638

All income and expenditure recognised above relates to continuing operations.

Consolidated and University statement of changes in reserves year ended 31 July 2022

Statement of comprehensive income and expenditure

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Consolidated				
Balance at 1 August 2020	**3,795**	**1,085**	**261,971**	**266,851**
Surplus/(deficit) for the year	373	144	2,121	2,638
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(429)	(283)	712	-
Total comprehensive income/(expenditure) for the year	(56)	(139)	2,833	2,638
Balance at 1 August 2021	**3,739**	**946**	**264,804**	**269,489**
Surplus/(deficit) for the year	454	493	(66,322)	(65,375)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(392)	(349)	741	-
Total comprehensive income/(expenditure) for the year	62	144	(65,581)	(65,375)
Balance at 31 July 2022	**3,801**	**1,090**	**199,223**	**204,114**

Statement of comprehensive income and expenditure

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
University				
Balance at 1 August 2020	**3,795**	**1,085**	**261,936**	**266,816**
Surplus/(deficit) for the year	373	144	2,121	2,638
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(429)	(283)	712	-
Total comprehensive income/(expenditure) for the year	(56)	(139)	2,833	2,638
Balance at 1 August 2021	**3,739**	**946**	**264,769**	**269,454**
Surplus/(deficit) for the year	454	493	(66,322)	(65,375)
Other comprehensive income	-	-	-	-
Release of restricted funds spent in year	(392)	(349)	741	-
Total comprehensive income/(expenditure) for the year	62	144	(65,581)	(65,375)
Balance at 31 July 2022	**3,801**	**1,090**	**199,188**	**204,079**

Consolidated and University statement of financial position 31 July 2022

	Note	Consolidated 2022 £000	Consolidated Restated 2021 £000	University 2022 £000	University Restated 2021 £000
Non-current assets					
Intangible fixed assets	11	**15,035**	16,037	**15,035**	16,037
Tangible fixed assets	12	**382,255**	393,449	**382,255**	393,449
Fixed asset investments	14	**1,433**	1,497	**1,433**	1,497
		398,723	410,983	**398,723**	410,983
Current assets					
Stocks		**715**	679	**715**	679
Trade and other receivables	15	**28,556**	25,036	**28,556**	25,036
Current asset investments	16	**833**	833	**833**	833
Cash and cash equivalents		**30,479**	39,564	**30,479**	39,564
		60,583	66,112	**60,583**	66,112
Creditors: amounts falling due within one year	17	**(70,426)**	(70,714)	**(70,461)**	(70,749)
Net current (liabilities)/assets		**(9,843)**	(4,602)	**(9,878)**	(4,637)
Total assets less current liabilities		**388,880**	406,381	**388,845**	406,346
Creditors: amounts falling due after more than one year	18	**(98,327)**	(101,028)	**(98,327)**	(101,028)
Provisions					
Pension provisions	19	**(86,439)**	(35,864)	**(86,439)**	(35,864)
		(86,439)	(35,864)	**(86,439)**	(35,864)
Net assets		**204,114**	269,489	**204,079**	269,454

	Note	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Restricted reserves					
Endowment reserves	21	**3,801**	3,739	**3,801**	3,739
Restricted reserves	22	**1,090**	946	**1,090**	946
		4,891	4,685	**4,891**	4,685
Unrestricted reserves					
General reserve		**199,223**	264,804	**199,188**	264,769
Total reserves		**204,114**	269,489	**204,079**	269,454

The financial statements on pages 29-56 were approved by the Council on 8 December 2022 and signed on its behalf by:

Professor Karen Cox
Vice-Chancellor and President

Andrew Newell
Chair of the Finance and Resources Committee

Lisa-Jane Crudgington-Higham
Chief Financial Officer

Consolidated statement of cash flows year ended 31 July 2022

	Note	2021/22 £000	Restated 2020/21 £000
Cash flow from operating activities			
(Deficit)/Surplus for the year		**(65,375)**	2,638
Adjustment for non-cash items			
Depreciation	12	**18,406**	20,868
Amortisation of intangibles	11	**2,820**	2,586
Loss/(gain) on investments		**64**	(164)
(Increase)/decrease in stock		**(36)**	(8)
(Increase)/decrease in debtors	15	**(3,558)**	(3,550)
Increase/(decrease) in creditors	17/18	**1,386**	(4,399)
Increase/(decrease) in pension provision	19	**50,575**	(782)
Adjustment for investing or financing activities			
Investment income	5	**(106)**	(181)
Interest payable	8	**4,880**	5,213
Endowment income	21	**(479)**	(105)
Gain on the sale of tangible fixed assets		**(963)**	-
Capital grant income	2/4	**(2,113)**	(4,856)
Net cash inflow from operating activities		**5,501**	**17,260**
Cash flows from investing activities			
Proceeds from sale of tangible assets		**2,030**	-
Capital grant receipts		**2,113**	4,826
Investment income	5	**106**	183
Payments made to acquire tangible assets	12	**(7,997)**	(6,619)
Payments made to acquire intangible assets	11	**(1,818)**	(1,751)
Non-current asset investments	14	**-**	(62)
		(5,566)	**(3,423)**
Cash flows from financing activities			
Interest paid	8	**(4,780)**	(5,177)
Endowment cash received	21	**517**	175
New secured loans	18	**-**	5,969
Repayments of amounts borrowed		**(4,757)**	(3,000)
		(9,020)	**(2,033)**
(Decrease)/increase in cash and cash equivalents in the year		**(9,085)**	**11,804**
Cash and cash equivalents at beginning of the year		**39,564**	27,760
Cash and cash equivalents at end of the year		**30,479**	39,564

Statement of principal accounting policies

A General information

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

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

B Basis of preparation

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

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

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

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

Going concern

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

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

The University Council has reviewed the financial forecasts, which cover a period to at least 31 July 2024, and has stress-tested key assumptions within these by assessing a Plausible Worst-Case scenario and a more extreme scenario, the Reverse Stress Test. These stress tests included consideration of risks to student recruitment and retention, inflationary impacts on pay and non-pay spend particularly energy costs, as well as delays in introducing cost-saving measures and achieving research growth. The review assessed the subsequent effect on liquidity and compliance with banking covenants. Further detail on this is provided within the Financial and Strategic Report on pages 19-20. These reviews demonstrate that under these adverse scenarios, there are sufficient available mitigation levers, involving the delay of revenue investment and the reductions to non-essential spending which ensure that the adverse impacts can be adequately addressed, with sufficient liquidity and headroom available.

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

C Basis of consolidation

The consolidated financial statements include the University and all of its subsidiary undertakings. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS102, the activities of Kent Union have not been consolidated because the University does not exert control or dominant influence over those activities.

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

D Income recognition

Tuition fees

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

Revenue grants

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

Donations and endowments

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

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

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

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

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

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

Investment income

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

Capital grants

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

Other income

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

E Agency arrangements

Any funds that the University receives and disburses whilst acting as agent on behalf of a funding body and where the University is exposed to minimal risk or enjoys minimal economic benefit in relation to the transaction, such as externally funded bursaries and scholarships where the funder determines the recipient, are excluded from the Consolidated Statement of Comprehensive Income. Any commissions received in this respect are credited to the Consolidated Statement of Comprehensive Income and Expenditure as earned.

F Foreign currency translation

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

G Employee benefits

Short-term employee benefits

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

Post-employment benefits (pensions)

Retirement benefits for most employees of the University are provided by the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

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

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

SAUL is a multi-employer defined benefit scheme. The assets of the scheme are held in separate trustee administered funds. The University is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation. Informal reviews of the position of the schemes are carried out between formal valuations. The University is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme.

H Tangible fixed assets

Land and buildings

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

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

Buildings are included in the Balance Sheet at cost less accumulated depreciation. Finance costs which are directly attributable to the purchase or construction of land and buildings are capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July each year. They are not depreciated until they are brought into use. Once a building is brought into use any elements with significant value and a materially different life are depreciated separately from the main structure.

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

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

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

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

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

Site works

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

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

Equipment

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

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

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

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

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

I Intangible assets

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

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

Purchased Software Costs

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

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

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

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

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

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

Internally generated software

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

Impairment

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

J Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at 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 (eg maintenance and operation) alongside provision of the assets and any significant residual value of the asset passes to the University at the end of the lease. Any service concession arrangement liability is valued at the present value of future minimum lease payments with a corresponding asset being created within Property, Plant and Equipment assets and depreciated in line with accounting policy H.

P Accounting for jointly controlled assets and operations

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

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

Q Reserves

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

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

R Significant estimates and judgements

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

Significant accounting estimates

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

Retirement benefit obligations
As the University is contractually bound to make deficit recovery payments to USS, these are recognised as a liability on the balance sheet. The provision is based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which requires deficit of 6.2% of salaries from 1 April 2021 to 31 March 2024 and 6.3% from 1 April 2024 onward.

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

	2022	**2021**
Discount rate	3.31%	0.87%
Salary growth*	3.5%	3.5%

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

A 1% increase in salary growth would result in an increase in the provision of £0.8m and a 0.25% increase in the discount rate would result in a decrease in the provision of £1.8m.

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

Significant judgements and assumptions

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

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

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

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

Financing arrangement
In relation to the year ended 31 July 2021 figures, the financing agreement signed in January 2020, and subsequently amended in December 2020, 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

	2021/22 £000	2020/21 £000
Full-time home and EU students	**111,792**	118,073
Full-time international students	**37,945**	35,068
Part-time fees	**6,755**	6,717
Research training support grants	**2,143**	1,724
Short course fees	**735**	689
	159,370	162,271

2 Funding council grants

	2021/22 £000	2020/21 £000
Recurrent grant		
Teaching and research funding (OfS; RE)	**24,321**	24,797
Higher Education Innovation Fund (HEIF)	**1,395**	1,251
Capital grants (CIF)	**2,113**	3,261
Specific grants		
Education and Skills Funding Agency (ESFA)	**98**	69
All other grants	**518**	1,014
	28,445	30,392

3 Research grants and contracts

	2021/22 £000	2020/21 £000
Research councils	**6,855**	7,651
UK based charities	**2,449**	2,560
UK industry and commerce	**150**	259
Government (UK and EU)	**7,352**	6,213
Other grants and contracts	**890**	545
	17,696	17,228

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

	2021/22 £000	2020/21 £000
Grant income from the OfS	**9,426**	10,412
Grant income from other bodies	**25,776**	27,562
Fee income for taught awards (excluding VAT)	**156,492**	159,858
Fee income for research awards (excluding VAT)	**2,143**	1,724
Fee income for non-qualifying courses (excluding VAT)	**735**	689
	194,572	200,245

4 Other income

	2021/22 £000	2020/21 £000
Residences, catering and conferences	**37,738**	26,216
Other income generating activities	**7,717**	5,481
Other revenue grants	**3,670**	4,322
Capital grants (non-funding council)	**-**	1,595
Other income	**4,474**	2,736
	53,599	40,350

Income from Residences, catering and conferences has risen by £2.3m compared to 2020/21. This is due to the impact of Covid-19 on the 2020/21 year as the campuses were closed at the beginning of the year as part of the national lockdown, and students were offered partial refunds for the periods they were not able to take up their accommodation. In 2021/22 this has returned to previous level of trading. 'Other capital grants' in 2020/21 largely relate to one-off grants and donations in connection with the construction of a new building on the Canterbury campus for the Kent and Medway Medical School, which opened for the first cohort of students in October 2020. '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

	2021/22 £000	2020/21 £000
Investment income on endowments	**38**	104
Other investment income	**33**	8
Other interest receivable	**35**	69
	106	181

6 Donations and endowments received

	2021/22 £000	2020/21 £000
New endowments	**479**	105
Donations with restrictions	**493**	144
Unrestricted donations	**190**	344
	1,162	593

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:

	2021/22 Avge FTE No.	2020/21 Avge FTE No.
Academic staff	**884**	859
Research staff	**184**	183
Teaching only staff *	**20**	31
Academic related staff	**476**	463
Clerical staff	**690**	628
Manual and ancillary	**356**	372
Technical	**186**	187
	2,796	2,723

*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 220 FTE (2020/21: 106 FTE) in relation to employees classified as casual workers that are paid by timesheet.

	2021/22 £000	2020/21 £000
Staff costs for the above persons:		
Wages and salaries	**117,529**	109,957
Social security costs	**10,883**	10,451
Other pension costs (Note 30)	**21,822**	20,494
Sub-total	**150,234**	140,902
Movement in Pension Deficit Recovery Plan Provision	**50,263**	(1,049)
Restructuring costs	**1,565**	2,174
	202,062	142,027

The pension provision movement consists of movements to the total provision offset by the unwinding of existing provisions against additional contributions paid in the year. This includes a one-off increase to the provision of £54.6m following the completion of the 2020 valuation in October 2021. This is shown separately from other staff costs on the face of the Statement of Comprehensive Income and Expenditure.

7 Staff costs (continued)

	2021/22 £000	2020/21 £000
Staff costs by department:		
Academic departments	**84,281**	80,258
Academic services	**9,858**	9,421
Research grants and contracts	**9,318**	8,880
Student and staff facilities	**6,477**	6,063
General educational expenditure	**9,785**	8,452
Administration and central services	**11,628**	12,782
Residences and catering	**7,906**	9,205
Premises	**5,884**	4,061
Pension provision movements (excluding one-off movements)	**(4,353)**	(1,049)
Other	**5,097**	1,780
Sub-total	**145,881**	139,853
Restructuring costs	**1,565**	2,174
Increase in pension provision arising from change in Schedule of Contributions	**54,616**	-
Total staff costs by department	**202,062**	142,027
Payments for loss of office included in total staff costs above	**1,692**	2,364
Number of staff to which this relates	**61**	133

	Number of Staff 2021/22	2020/21
Senior staff pay:		
Basic annual salary (per 1.0 FTE)		
£100,000 - £104,999	**3**	2
£105,000 - £109,999	**6**	5
£110,000 - £114,999	**8**	8
£115,000 - £119,999	**8**	6
£120,000 - £124,999	**5**	5
£125,000 - £129,999	**1**	-
£130,000 - £134,999	**3**	4
£135,000 - £139,999	**1**	2
£140,000 - £144,999	**1**	1
£145,000 - £149,999	**-**	-
£150,000 - £154,999	**1**	-
£155,000 - £159,999	**-**	-
£160,000 - £164,999	**-**	-
£165,000 - £169,999	**-**	-
£170,000 - £174,999	**-**	-
...		
£240,000 - £244,999	**1**	1

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.

	2021/22 £000	2020/21 £000
Key management personnel compensation	**2,032**	2,015

The Executive Group of the University of Kent consists of 12 (2020/21: 12) people including the Vice-Chancellor. Costs during the 2020/21 year included voluntary salary reductions of 15% made by all members of the Executive Group, except the Vice-Chancellor and President (who volunteered a 20% reduction as noted below), from August 2020 to May 2021.

	2021/22 £000	2020/21 £000
Remuneration for the Vice-Chancellor and President:		
Professor Karen Cox		
Basic salary	**240**	240
Payments in lieu of pension contributions	**37**	37
Voluntary reduction in salary and other payments	**-**	(38)
Pension contributions	**13**	6
Total emoluments for the year	**290**	245

From 1 April 2020 to 31 March 2021 the Vice-Chancellor and President volunteered a 12-month pay reduction of 20% in response to the financial challenges being placed on the University from the Covid-19 pandemic. This is shown separately in the analysis above. The increase in pension contributions during 2021/22 is because the USS employer contribution rate for Enhanced Opt Out members increased from 2% to 6.3% in October 2021.

The Vice-Chancellor and President's basic salary, excluding the impact of any voluntary reductions, in 2021/22 was 8.51 times the median pay of all staff (2020/21: 8.46 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor and President's total remuneration, excluding the impact of any voluntary reductions, in 2021/22 was 9.00 times the median total remuneration of staff (2020/21: 8.32 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

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

The Vice-Chancellor and President's basic salary, excluding the impact of any voluntary reductions, in 2021/22 was 7.19 times the median basic salary of all substantive staff (2020/21: 7.10 times). The Vice-Chancellor and President's total remuneration, excluding the impact of any voluntary reductions, in 2021/22 was 7.69 times the median total remuneration of all substantive staff (2020/21: 7.22 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its substantive staff.

Justification for salary of Vice-Chancellor and PresidentValue and performance of the Vice-Chancellor and President:

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

Governance process:

The Remuneration Committee has developed a Senior Reward Policy, published on the University website. This policy is applicable to the Vice-Chancellor and President, as well as the members of the Executive Group, and incorporates requirements relating to individual performance assessment, including appraisal against detailed objectives, and the link to pay decisions. 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's pay remains below the target pay zone for her role as set out in the University's Senior Reward Policy (based on peer group market data), and, due to the challenging financial environment experienced by the wider sector and specifically at Kent, the Vice-Chancellor has repeatedly declined pay awards since joining the University in 2017.

The University's Remuneration Committee makes all decisions on pay for the Executive Group of the University (including the Vice-Chancellor and President), with delegated responsibility for decision-making on these matters from Council. In addition, as a 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, a student member and a staff member.

The Vice-Chancellor is not a member of the Remuneration Committee. No members of staff, including the Vice-Chancellor, are present at Remuneration Committee during discussions about their own remuneration.A report of the Committee's decisions 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.

8 Interest and other finance costs

	2021/22 £000	2020/21 £000
Loan Interest	**4,880**	5,213
Pension Scheme Finance Costs	**312**	267
	5,192	5,480

9 Other operating expenses

	2021/22 £000	2020/21 £000
Academic divisions	**9,373**	5,660
Academic services	**11,884**	8,603
Research grants and contracts	**3,426**	3,295
Bursary payments to students	**11,602**	13,640
Student and staff facilities	**5,686**	4,787
General educational expenditure	**7,824**	7,163
Administration and central services	**5,835**	3,778
Residences and catering	**21,147**	14,571
Premises	**17,775**	14,017
Other expenses	**3,620**	2,066
	98,172	77,580

	2021/22 £000	2020/21 £000
Other operating expenses include:		
Operating lease rentals:		
Land and buildings	**1,295**	962
Other	**720**	677
Auditors' remuneration for audit services for the year	**120**	111
Auditors' remuneration for prior year audit services recognised in the current year	**11**	30
Auditors' remuneration for non-audit services for the year	**8**	8
Auditors' remuneration for prior year non-audit services recognised in the current year	**4**	2

Auditors' remuneration for prior year audit services recognised in both 2021/22 and 2020/21 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.

	2021/22 £000	2020/21 £000
Access and participation expenditure		
Access investment	**2,460**	2,170
Financial support	**3,835**	4,954
Disability support	**1,344**	1,218
Research and evaluation	**49**	49
	7,688	8,391

The total spend reported here includes £2,919k (2020/21: £2,884k) included in total staff costs and reported in Note 7.

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

10 Surplus/(deficit) on operations for the year

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

	2021/22 £000	2020/21 £000
University (deficit)/surplus/on operations for the year	**(65,375)**	2,638
Surplus generated by subsidiary companies	**-**	-
	(65,375)	2,638

Details of the University's subsidiary companies can be found in Note 13.

11 Intangible fixed assets

Software	Consolidated and University £000
Cost	
At 1 August 2021 – restated	22,892
Additions	1,818
Disposals	(33)
At 31 July 2022	24,677
Amortisation	
At 1 August 2021 – restated	6,855
Charge for the year	2,820
Disposals	(33)
At 31 July 2022	9,642
Net book value	
At 31 July 2022	15,035
At 1 August 2021 – restated	16,037

The restatement of the 2020/21 figures relates to the reclassification of software costs incurred by the University to intangible fixed assets from tangible fixed assets. The net book value of these assets was £16m.

12 Tangible fixed assets

	Land and buildings £000	Service concession arrangement Assets £000	Assets under construction £000	Equipment and systems £000	Consolidated and University Total £000
Cost or valuation					
At 1 August 2021 – restated	571,385	10,172	917	29,708	**612,182**
Additions	3,540	-	-	4,194	**7,734**
Assets under construction	-	-	545	-	**545**
Transfers	917	-	(917)	-	**-**
Disposals	(1,148)	-	-	(954)	**(2,102)**
At 31 July 2022	574,694	10,172	545	32,948	**618,359**
Depreciation					
At 1 August 2021 – restated	194,114	1,647	-	22,972	**218,733**
Charge for the year	14,624	173	-	3,609	**18,406**
Disposals	(81)	-	-	(954)	**(1,035)**
At 31 July 2022	208,657	1,820	-	25,627	**236,104**
Net Book Value					
At 31 July 2022	**366,037**	**8,352**	**545**	**7,321**	**382,255**
At 1 August 2021 – restated	377,271	8,525	917	6,736	**393,449**
Financed by:					
Capital grant	44,671	-	-	2,802	**47,473**
Other	321,366	8,352	545	4,519	**334,782**
	366,037	8,352	545	7,321	**382,255**

The disposal of land and buildings relates to the sale of land on the Medway campus along with the write off of building mechanical and electrical costs and associated accumulated depreciation in connection with a re-wiring. 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.

Land was acquired both by gift and purchase (historic cost of £5.8m) and is stated at a valuation of £131.7m (2021: £132.7m), after the sale completed 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. As at 31 July 2022 a review of property values has found no indications of impairment as defined in section 27 of FRS102.

No interest has been capitalised in the year (Note 8). Total interest capitalised to date included in the cost of Land and Buildings, amounts to £2.7m at 31 July 2022 (2021: £2.7m).

The restatement of the 2020/21 figures relates to the reclassification of software costs incurred by the University from tangible fixed assets to intangible fixed assets. The net book value of these assets was £16m.

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	
	2022	2021
	£000	£000
Cost of investment in subsidiary companies	**-**	-
Cost of investment in other companies (including spin-out companies)	**65**	65
Investment in funds	**1,368**	1,432
Bonds	**-**	-
Long term cash deposits	**-**	-
	1,433	1,497

Name of subsidiary companies	Holding	
Canterbury Business School Limited	100% owned	Dormant
Invicta Technology Investments Limited	100% owned	Dormant
Kent Business School Limited	100% owned	Dormant
Kent Enterprise Limited	100% owned	Dormant
Kent Management School Limited	100% owned	Dormant
Kent Property Services Limited	100% owned	Dormant
Summer Academy Limited	100% owned	Dormant

15 Trade and other receivables

	Consolidated		University	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Amounts falling due within one year:				
General receivables	**9,843**	6,116	**9,843**	6,116
Research grants and contracts	**9,389**	11,539	**9,389**	11,539
Prepayments and accrued income	**9,324**	7,381	**9,324**	7,381
	28,556	25,036	**28,556**	25,036

16 Current asset investments

	Consolidated and University	
	2022	2021
	£000	£000
Short-term investment in funds	-	-
Short-term bonds	-	-
Short-term deposits	**833**	833
	833	833

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

17 Creditors: amounts falling due within one year

	Consolidated		University	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Bank loans due for repayment (Note 18)	**9,050**	11,559	**9,050**	11,559
Research grants received on account	**15,211**	21,107	**15,211**	21,107
Deferred income	**13,764**	12,800	**13,799**	12,835
Creditors and accrued liabilities	**25,806**	19,574	**25,806**	19,574
Taxation and social security	**6,595**	5,674	**6,595**	5,674
	70,426	70,714	**70,461**	70,749

Bank loans due for repayment within one year relate to amounts due under the financing arrangement with lenders due to the improved operating cashflow during the year. Further detail is provided in Note 18.

In order to enhance transparency for the readers, management have reclassified certain balances from Deferred income to Creditors and accrued liabilities, furthermore to ensure consistency in the comparatives, they have also reclassified £3.1m relating to 2020/2021.

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	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Capital grants	**-**	-	**-**	-
Other grant income	**3,791**	3,959	**3,791**	3,959
	3,791	3,959	**3,791**	3,959

18 Creditors: amounts falling after more than one year

	Consolidated		University	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Borrowing secured on University land and buildings	**101,348**	106,105	**101,348**	106,105
Unsecured bank loans	**-**	-	**-**	-
Less: loans repayable within one year	**(9,050)**	(11,559)	**(9,050)**	(11,559)
	92,298	94,546	**92,298**	94,546
Other long-term liabilities	**6,029**	6,482	**6,029**	6,482
	98,327	101,028	**98,327**	101,028
Payable as follows:				
Due between one and two years	**17,402**	9,184	**17,402**	9,184
Due between two and five years	**17,607**	22,130	**17,607**	22,130
Due after five years	**63,318**	69,714	**63,318**	69,714
	98,327	101,028	**98,327**	101,028

Lender	Amount £000	Interest rate (%)	Term (years)	Maturity Date
National Westminster Bank plc	4,800	3.24*	27	Jul 2024
National Westminster Bank plc	6,315	6.63	25	Nov 2028
National Westminster Bank plc	10,329	6.17	25	Oct 2030
Scottish Widows Limited	8,604	6.96	24	Jun 2029
European Investment Bank	46,411	4.00	25	Mar 2040
European Investment Bank	24,889	3.55	25	Sept 2042
	101,348			

* The rate for this loan is floating at 2.05% above SONIA, as at 31 July 2022 the interest rate was 3.24%

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

On 29 January 2020 the University entered into new financing arrangements with its existing lenders; this was followed by a further agreement on 23 December 2020, to amend and extend the financing arrangement. This included the agreement of new terms that will apply to all existing borrowing facilities until 31 July 2024, including revisions to the suite of financial covenants, harmonised across all three lenders.

As a result of this new arrangement, from the date of the related agreement, the interest rates payable on existing loans have changed from those previously reported. The interest rates on the loans from National Westminster Bank were further amended in May 2021 by an Amendment Agreement to reflect the move from LIBOR to SONIA based rates. The updated interest rates are shown in the table above.

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

Under FRS102 s11 the changes to loans from the European Investment Bank under the new arrangement, including the provision of security, constitute a significant debt modification. As required by FRS102, these loans have therefore been treated as if they were extinguished, and new liabilities have been recognised. As the new liability has been recognised at the same value as the previous outstanding balance, and no cash movements took place, this has not resulted in any charges through the Statement of Comprehensive Income and Expenditure or Statement of Cashflows, but these loans are now analysed as secured borrowings above.

The new arrangement, specifically the agreed deferral of some interest payments, also gives rise to the effective establishment of new loans from the European Investment Bank (EIB). All deferred capital repayments are due for repayment by July 2024, with the deferred interest payments to the EIB repaid during 2021/22.

All loans are now secured against University owned land and buildings on both the Canterbury campus and the Medway campus.

19 Provisions for liabilities

	Obligation to fund deficit on USS £000	Other pension £000	**Consolidated and University total pension provision £000**
Balance at 1 August 2021	35,814	50	**35,864**
Utilised in the year	(4,041)	-	**(4,041)**
Additions in year	-	-	**-**
Increase in provision – change in recovery plan	54,616	-	**54,616**
Balance at 31 July 2022	**86,389**	**50**	**86,439**

Pension deficit

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

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan was agreed during 2021/22. This new plan requires deficit payments of 6.2% of salaries from 1 April 2022 to 31 March 2024 and then payments of 6.3% of salaries from 1 April 2024 onwards. As a result of change in the Schedule of Contributions agreed with the USS Trustee and the level of deficit contributions contractually committed to under the revised Schedule, the deficit provision has increased by £54.6m from the previous year. Further detail on the assumptions used to calculate the provision are provided in Accounting Policy R (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.

20 Financial instruments

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

	Note	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Financial assets					
Measured at fair value through income and expenditure:					
Investments (including endowments)	14/16	**1,368**	1,432	**1,368**	1,432
Cash deposits	14/16	**833**	833	**833**	833
Cash and cash equivalents		**30,479**	39,564	**30,479**	39,564
Measured at undiscounted amount receivable:					
Trade and other receivables	15	**19,232**	17,655	**19,232**	17,655
Measured at cost less impairment:					
Investment in other companies	14	**65**	65	**65**	65
		51,977	59,549	**51,977**	59,549
Financial liabilities					
Measured at undiscounted amount payable:					
Trade and other creditors payable	17	**37,276**	37,560	**37,276**	37,560
Salix revolving green fund	18	**-**	320	**-**	320
Measured at amortised cost:					
Loans payable	18	**101,348**	106,105	**101,348**	106,105
		138,624	143,985	**138,624**	143,985

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

	Note	Consolidated 2022 £000	Consolidated 2021 £000	University 2022 £000	University 2021 £000
Interest income/(expense):					
Interest receivable from financial assets measured at fair value through income and expenditure	5	**106**	181	**106**	181
Interest payable for financial liabilities measured at amortised cost	8	**(4,880)**	(5,213)	**(4,880)**	(5,213)
		(4,774)	(5,032)	**(4,774)**	(5,032)
Fair value gains/(losses):					
(Loss)/gain on financial assets measured at fair value through income and expenditure		**(64)**	164	**(64)**	164
		(64)	164	**(64)**	164

21 Endowment reserves

	Unrestricted permanent £000	Restricted permanent £000	**Total permanent £000**	Restricted expendable £000	**Consolidated and University 2022 Total £000**	2021 Total £000
Balance at 1 August						
Capital	420	796	**1,216**	2,068	**3,284**	3,340
Accumulated income	-	216	**216**	239	**455**	455
	420	1,012	**1,432**	2,307	**3,739**	3,795
New endowments	-	-	**-**	479	**479**	105
Investment income	2	24	**26**	12	**38**	104
Expenditure	(2)	(58)	**(60)**	(332)	**(392)**	(429)
(Decrease)/increase in market value of investments	(26)	(37)	**(63)**	-	**(63)**	164
Total endowment comprehensive income/ (expenditure) for the year	(26)	(71)	**(97)**	159	**62**	(56)
Balance at 31 July	**394**	**941**	**1,335**	**2,466**	**3,801**	3,739
Represented by:						
Capital value	394	774	**1,168**	2,226	**3,394**	3,284
Accumulated income	-	167	**167**	240	**407**	455
	394	941	**1,335**	2,466	**3,801**	3,739
Analysis by purpose						
Chairs and lectureships	-	743	**743**	238	**981**	983
Student financial support	-	65	**65**	1,444	**1,509**	1,343
Prize funds	-	6	**6**	193	**199**	201
Other	394	127	**521**	338	**859**	836
Capital initiatives	-	-	**-**	253	**253**	376
	394	941	**1,335**	2,466	**3,801**	3,739
Analysis by asset						
Equities					**1,275**	1,276
Bonds					**-**	-
Cash and short term deposits					**2,526**	2,463
					3,801	3,739

22 Restricted reserves

	Revenue grants £000	Donations £000	Consolidated and University 2022 Total £000	2021 Total £000
Balance at 1 August	68	878	**946**	1,085
New grants	-	**-**	-	
New donations	-	493	**493**	144
Expenditure	-	(349)	**(349)**	(283)
Balance at 31 July	68	1,022	**1,090**	946

	2022 £000	2021 £000
Analysis by purpose		
Scholarships and bursaries	**826**	762
Research support	**32**	32
Prize funds	**68**	68
Other	**164**	84
	1,090	946

23 Cash and cash equivalents

	Note	Consolidated and University 1 August 2021 £000	Cash flows £000	**31 July 2022 £000**
Cash and cash equivalents		39,564	(9,085)	**30,479**
		39,564	(9,085)	**30,479**

24 Consolidated reconciliation of net debt

	Note	**2022 £000**
Net debt 1 August 2021		**66,541**
Movement in cash and cash equivalents	23	**9,085**
Other non-cash changes		**(4,757)**
Net debt 31 July 2022		**70,869**
Change in net debt		**4,328**

	2022 £000	2021 £000
Analysis of net debt:		
Cash and cash equivalents	**30,479**	39,564
Borrowing falling due within one year	**9,050**	11,559
Borrowing falling due after more than one year	**92,298**	94,546
	101,348	106,105
Net debt	**70,869**	66,541

25 Capital commitments

	Consolidated and University	
	2022	2021
	£000	£000
Contractual commitments at 31 July	**3,576**	1,436

26 Financial commitments

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

			Consolidated and University	
	Land and buildings	Other	**Total 2022**	Total 2021
	£000	£000	**£000**	£000
Paid during year	1,295	720	**2,015**	1,639
Payable within one year	863	562	**1,425**	1,680
Payable within two and five years inclusive	955	1,518	**2,473**	3,559
Payable after five years	4,060	-	**4,060**	2,855
	5,878	2,080	**7,958**	8,094

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

27 Contingent liabilities

A contingent liability exists in relation to the agreement with a third party contractor who continues to maintain 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 2021/22 financial year this payment amounted to £1.6m (2020/21 £2.6m).

28 Related party transactions

Council members: expenses and related party transactions

During the 2021/22 financial year expenses totalling £1,547 (2020/21: £1,056) were paid to 5 members of Council while acting in their role as Trustees (2020/21: 1 member). Council members do not receive remuneration in respect of their Trustee roles.

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

The University maintains a Register of Interests and if a potential conflict of interest arises, the member concerned would identify this and not take part in any discussions and decision making on these matters. The table below shows transactions with related parties of the University, including members of Council (see page 19). All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length under normal market conditions and in accordance with the University's financial regulations and normal procurement procedures.

	Amounts receivable £000	**Amounts payable £000**	**Balance due to/(from) the University £000**
Year ended 31 July 2022			
Biochemical Society	20	-	-
Kent Union	4,811	2,032	431
KM Television Ltd	75	263	90
Maidstone and Tunbridge Wells NHS Trust	1	68	(5)
Medway Council	47	44	15
SAUL Trustee Company	13	-	3
University of Kent Academies Trust	-	8	-
The Royal Society of Biology	-	8	-
Universities and Colleges Employers Association	-	14	1

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:

	2021/22 £000	2020/21 £000
Contributions to USS	**16,673**	16,064
Contributions to SAUL	**5,081**	4,390
Contributions to other schemes	**68**	40
Total pension cost (Note 7)	**21,822**	20,494

USS pension scheme

The total pension cost for the University charged to the Statement of Comprehensive Income in the year 2021/22 was £16,672,506 (2020/21: £16,063,617). This includes £1,425,145 (2021: £1,297,332) 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 2021/22 the percentage was 21.1% to 30 September 2021, then 21.4% to 31 March 2022 and 21.6% from 1 April 2022 (2020/21: 21.1%).

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

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

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

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

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

The current life expectancies on retirement at age 65 are:

	2022	2021
Males (females) currently aged 65 (years)	**23.9 (25.5)**	24.7 (26.1)
Males (females) currently aged 45 (years)	**25.9 (27.3)**	26.7 (27.9)

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

Existing benefits	**2022**	2021
Scheme assets	**£88.9bn**	£80.6bn
Total scheme liabilities	**£115.4bn**	£116.1bn
FRS 102 total scheme deficit	**£26.5bn**	£35.5bn
FRS 102 total funding level	**77%**	69%
Key assumptions used are:		
Discount rate	**2.80%**	2.15%
Pensionable salary growth	**3.00%**	2.50%

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

SAUL pension scheme

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

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

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

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

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

The funding principles were agreed by the Trustee and employers in June 2021 and will be reviewed against at SAUL's next formal valuation in 2023.

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

The University is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole the market value of SAUL's assets at 31 March 2020 was £3,612m representing 94% of the liabilities. The market value of SAULs assets as at 31 March 2022 was £4,564m representing 116% of the estimated liabilities.

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

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

The SAUL pension cost for the University was £5,080,554 (2020/21: £4,390,397). This includes £486,769 (2021: £373,277) outstanding contributions at the balance sheet date.

31 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:	2022 £000	2022 £000	2021 £000	2021 £000
SOFP (Unrestricted reserves/general reserve)					
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		**199,223**		264,804
SOFP (Restricted reserves)					
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		**4,891**		4,685
Note 28					
Statement of Financial Position – Related party	Secured and Unsecured related party receivable	**4,967**		4,501	
Note 28					
Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable		**4,967**		4,501
Note 12					
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment net (includes Construction in progress)	**382,255**		393,449	
See Supplemental Note PPE – A					
Statement of Financial Position – Property, plant and equipment, net – pre-implementation	Property, plant and equipment – pre-implementation		**337,128**		357,710
See Supplemental Note PPE – C					
Statement of Financial Position – Property, plant and equipment, net	Property, plant and equipment – post-implementation without outstanding debt for original purchase		**44,582**		34,822
See Supplemental Note PPE – B					
Note of the Financial Statements – Statement of Financial Position -Construction	Construction in process		**545**		917
Note 11					
Statement of Financial Position – Intangible fixed assets	Intangible assets		**15,035**		16,037
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		**89,268**		38,374

Primary reserve ratio (continued)

Line item/related disclosures	Expendable net assets:	2022 £000	2022 £000	2021 £000	2021 £000
Note 18					
	Long-term debt – for long term purposes		**98,327**		101,028
Note 18					
	Long-term debt- for long term purposes pre-implementation		**98,327**		101,028
Note 21 – Restricted Expendable					
	Term endowments with donor restrictions		**2,466**		2,307
Note 21 – Restricted Permanent					
	Net assets with donor restrictions: restricted in perpetuity		**941**		1,012

Line item/related disclosures	Total expenses and losses:	2022 £000	2022 £000	2021 £000	2021 £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		**251,954**		248,346
Statement of Comprehensive Income and Expenditure (Loss on investments – gain on sale of tangible assets)	Non-operating and Investment (gain)		**(963)**		-
Statement of Comprehensive Income and Expenditure ((gain)/loss on investments)	Net investment (gain)/loss		**64**		(164)
Statement of Comprehensive Income and Expenditure (pension provision)	Pension-related changes other than net periodic costs		**74,904**		-

Equity ratio

Line item/related disclosures	Modified net assets	2022 £000	2022 £000	2021 £000	2021 £000
SOFP (Unrestricted reserves/general reserve)					
Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restrictions		**199,223**		264,804
SOFP (Restricted reserves)					
Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restrictions		**4,891**		4,685
Note 28					
Statement of Financial Position – Related party receivable and Related party not disclosure	Secured and Unsecured related party receivable	**4,967**		4,501	
Note 28					
Statement of Financial Position – Related party receivable and Related party not disclosure	Unsecured related party receivables		**4,967**		4,501

Equity ratio (continued)

Line item/related disclosures	Modified assets:	2022 £000	2022 £000	2021 £000	2021 £000
SOFP – Non-current assets and current assets					
Statement of Financial Position	Total assets		**459,306**		477,095
Note 28					
Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and unsecured related party receivable	**4,891**		4,501	
Note 28					
Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivables		**4,891**		4,501

Net income ratio

Line item/related disclosures		2022 £000	2022 £000	2021 £000	2021 £000
Statement of Changes in Reserves (Unrestricted/total comprehensive income for year)					
Statement of Changes in Reserves	Change in net assets without donor restrictions		**(65,581)**		2,833
Statement of Comprehensive Income (Total income – Investment income + gain on sale of tangible assets)					
Statement of Comprehensive Income	Total revenue and gains		**261,235**		250,834

Supplemental note – PPE

		2022 £000	2021 £000
A	Pre-implementation PPE	**337,128**	357,710
B	Construction in progress	**545**	917
C	Post-implementation PPE – with no outstanding debt	**44,582**	34,822

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