Overview of financial performance 2013/14
## Financial highlights 2013/14

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2012/13</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td>£214.4</td>
<td>£201.3</td>
<td>+6.5%</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td>(208.0)</td>
<td>(188.8)</td>
<td>+10.2%</td>
</tr>
<tr>
<td><strong>Transfer from Endowments</strong></td>
<td>0.3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>6.7</td>
<td>12.8</td>
<td></td>
</tr>
</tbody>
</table>

- Cuts in recurrent HEFCE teaching funding of £10.7m
- Tuition Fees up £20.2m (20%)
- Scholarships and fee waivers for students £20m
- Strong residences / catering activities generating £3.2m for re-investment
- Continued investment in staff - staff costs at 54.3% of income (12/13: 53.0%)
## Financial highlights 2013/14 - Balance sheet

<table>
<thead>
<tr>
<th>As at 31 July</th>
<th>2014</th>
<th>2013</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>210.1</td>
<td>195.3</td>
<td>+14.8</td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>17.6</td>
<td>25.3</td>
<td>-7.7</td>
</tr>
<tr>
<td>Net Assets</td>
<td>179.8</td>
<td>176.0</td>
<td>+3.8</td>
</tr>
</tbody>
</table>

- Strong balance sheet position
- Cash / investments of £44.6m (85 days) (2013: £49.5m; (103 days))
- Debt reduced to 23% of income (2013: 26%)
- Capital expenditure of £31m (2013: £30m)
Income/student no. trends 2009/10 – 2013/14

The chart illustrates the trends in income and student numbers from 2009/10 to 2013/14, broken down by various income categories: HEFCE Grant - Teaching (HT), HEFCE Grant - Research (HR), Tuition Fees - Home/EU (FH), Tuition Fees - Overseas (FO), Research Grants & Contracts (R), Residences & Catering (RC), Other Income (OI), and Endowment & Interest receivable (EI). The student headcount is also shown for comparison.
Expenditure/staff trends 2009/10 - 2013/14

Analysis of Expenditure 2009/10 - 2013/14

- £157.9m in 2009/10
- £166.9m in 2010/11
- £176.0m in 2011/12 (restated)
- £188.8m in 2012/13
- £208.0m in 2013/14

Legend:
- Staff Costs (Pay)
- Depreciation (D)
- Interest (I)
- Bursary Payments (B)
- Academic Schools Non-Pay (AS)
- Other Non-Pay Expenditure (O)
- Staff Ave FTE

Full time equivalent numbers of staff, including employees classified as casual workers that are paid by timesheet.
Available reserves

Available reserves represent cash deposits plus 90% of the market value of current asset investments.
Capital expenditure 2013/14

£31m total spend in 2013/14 (2012/13: £30m)

- Templeman Library extension & improvements work - £8.9m
- Other Major Developments - £7.1m
- Learning, teaching, social spaces and systems - £9.3m
- Infrastructure improvements - £0.8m
- Student residences/catering refurbishments - £4.9m

Templeman Library Extension

- Budget: £27.6m (includes £3.1m to refurbish existing space)
- Started on site August 2013; Due for completion 2016
Capital expenditure – Future Plans

£211m planned over next five years to 2018/19 including:
- Completion of existing major projects (£85m)
- Further new academic building
- Student Administration building

New Academic Building to accommodate the Kent Business School and School of Mathematics, Statistics and Actuarial Science
- Budget: £29m
- Start on site 2015; Due for completion summer 2016
- Business plan based on past and future student number growth
- Partly funded by successful application for HEFCE STEM Teaching Capital grant (£5m)
Capital Expenditure – Future Plans

Cornwallis East – Academic / administrative building
- Budget: £8.2m
- Started on site summer 2014; Due for completion summer 2015

Law Clinic / Mooting Chamber
- Budget: £5.5m
- Start on site spring 2015; Due for completion spring 2016
- Partly funded by donations (£2.5m) matched by University
Capital Expenditure (Past and planned)
Financial Outlook for 2014/15

- Budgeted surplus of £7.5m
  - Third year of new teaching funding regime and £9k fee
  - Reduction in the real value of fees
  - Ongoing cost of past investment in staff
  - £6.7m for new strategic developments / investments

- Budgeted capital expenditure for year £70m
- Planned reduction in cash reserves
- Overall student number targets met
- Financial performance to date - on track
- Successful £5m HEFCE Capital Grant application
- £75m loan facility secured with EIB
Future challenges

• Removal of student numbers cap on Home/EU UGs
• Constraints on / competition for overseas students
• Uncertainty re Postgraduate demand post 2015
• Continued reduction in the real value of fees – how long?
• Financial outcome of REF / tough research environment
• High construction inflation
• Pension deficits and increasing costs
• Impact on economy and HE policies post election
• Further public spending cuts?
Conclusion

- 2013/14 – another successful year
- Financially sound with high cash reserves
- 2014/15 - Budgeted surplus of £7.5m
- Excellent academic reputation, enhanced by REF
- Challenging environment
- Balancing risk and investing in the future