

Canterbury Christ Church University

# Directors' Report and Financial Statements



For the year ended 31st July 2015

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## DIRECTORS AND ADVISERS

### Directors and Governing Body Members for the year ended 31 July 2015 and up to the date of signing the financial statements

Ms C Alfrey  
Miss D Anderson (resigned 31 July 2015)  
Mr C Calcutt  
Mr C Carmichael  
Mr S Clark (Pro-Chancellor)  
Mr C Frederick  
Dr R Henson  
Sir I Johnston  
Mr F Martin  
Ms R Martin

Ms M Peachey  
Dr G Perkins  
Mr Q Roper  
Mrs J Shiner (from 1 August 2014)  
Professor R Thirunamachandran (Vice-Chancellor)  
Dame J Trotter (resigned 31 July 2015)  
Ms D Upton  
Right Revd T Willmott (Deputy Pro-Chancellor)

### Clerk to the Governing Body

Mr P Bogle

### Independent Auditor

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Abbots House  
Abbey Street  
Reading RG1 3BD

### Internal Auditor for the year to 31 July 2015

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
London NW1 2EP

### Internal Auditor from August 2015

Baker Tilly Risk Advisory Services LLP  
25 Farringdon Street  
London  
EC4A 4AB

### Solicitors

Mills and Reeve  
Francis House  
112 Hill Road  
Cambridge CB2 1PH

### Principal Bankers

Lloyds TSB Bank plc  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex RH6 0PA

### Registered Office

Canterbury Christ Church University  
c/o The Office of the General Counsel  
Rochester House  
St George's Place  
Canterbury  
Kent CT1 1UT

### Company and Charity Numbers

**Registered company number**  
04793659

**Registered charity number**  
1098136

## VICE CHANCELLOR'S REPORT

### Scope of Financial Statements

The Financial Statements for the year ended 31 July 2015 have been prepared to comply with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education and applicable accounting standards in the UK. The University is based in the UK and operates as both a registered company and a registered charity.

### Subsidiary Company

The University holds an investment in a subsidiary company, Medco (CCCU) Limited. Canterbury Christ Church University's subsidiary company, Medco (CCCU) Limited had been made dormant on 31 July 2012. The company was reactivated on 1 February 2015 and began trading as a Unitemps staffing agency, under a franchise arrangement with Warwick University Enterprises Limited. The subsidiary company was incorporated into a VAT grouping with the parent company from this date of reactivation. The subsidiary company has performed well in the six months since trading began, exceeding budget expectations. The subsidiary company's results have been consolidated with the parent company in these financial statements.

### Student experience

All universities are acutely aware of their responsibilities to current and future generations of students, given the power of education to unlock potential and create new career and life opportunities.

Canterbury Christ Church University takes this responsibility seriously and is working hard to maintain an environment where students feel they are partners in their education. The institution has many examples of this philosophy in action, where students and graduates are helping to shape the curriculum and their wider student experience. These include advisory panels, student ambassadors, a Partners in Learning Scheme bringing together students and academics, as well as a strong statement of joined up working through the Students' Union, Students and University Partnership Agreement, demonstrating effective working together through shared values.

The University also recognises that facilities are one of the top five influencing factors for students looking for their university place. Over the last 10 years the University has invested more than £82m in new and renovated buildings and, to add to this record, in September 2015 the University opened Petros Court, a modern city centre accommodation complex in Canterbury.

Investment in facilities has undoubtedly been a contributory factor in Canterbury Christ Church's student-led nomination for Most Improved Student Experience in the 2015 Times Higher Education Awards.

Meanwhile, the institution continues to offer excellent employment prospects for its students.

## VICE CHANCELLOR'S REPORT (CONTINUED)

Graduates are teaching in schools, providing health and social care in the community, helping businesses to flourish, and injecting talent into creative industries. 95% of the University's full-time and part-time UK undergraduates were in employment or further study six months after finishing their studies, and 87% of those employed are in a graduate job after three years of leaving Canterbury Christ Church. This is above the national average of 80%.

### Enhancing the student experience

In the last academic year, new systems and services for students have been developed in preparation for the new academic year.

A new portal has been introduced which allows pre-arrival students to engage with the University by accessing information early on in their student journey.

Meanwhile, registered students are also benefitting from a new platform which allows students to access personalised information when they need it on a range of devices and media, including mobile phones, tablets and traditional desktop PCs. This has been an extensive project which will continue throughout the next academic year.

Students have also directly influenced two important communication initiatives.

A new, comprehensive set of web pages for students was launched over the summer, based on extensive research with students. This complemented a new Student Opportunities Directory *Everything Else You Can Do*, which was written by, and for, students.

The project was introduced at the Student Opportunities Network, an informal monthly meeting before the working day which brings together student facing staff.

### Shortlisted for national student experience award

Canterbury Christ Church is one of six universities shortlisted in the Times Higher Education Awards' Most Improved Student Experience category.

The award is based on feedback from around 20,000 students across the country in a poll undertaken by Youthsight. The students were asked to rate the academic, reputation, teaching, social life and facilities of their institutions.

The nomination followed news that the University had recorded its highest ever overall student satisfaction levels (87%) in the National Student Survey 2015, testimony to the hard work and dedication of staff in delivering a great student experience.

### New city centre student accommodation

Petros Court, a development of 418 ensuite student accommodation rooms, was officially opened in Canterbury in 2015.

## VICE CHANCELLOR'S REPORT (CONTINUED)

The development is located behind the University's award winning library and student services building, Augustine House, and consists of five blocks with landscaped courtyards, 24-hour security and restricted access on to Lansdowne Road.

### Employability module highlighted in national report

The Higher Education Academy (HEA) and the Quality Assurance Agency (QAA) have highlighted an employability module in Film, Radio and Television Studies as offering best practice, in their 2015 report: *Effective practice in the design of directed independent learning opportunities*.

The module was introduced in 2011 and provides opportunities for students to pitch their film, radio and television work to employers on an industry advisory panel.

The report investigates the most effective practices in the inception, design, quality assurance and enhancement of directed independent learning.

### **Investing in the future**

Universities are critical to UK economic growth and innovation. Through teaching, research, graduate skills and business engagement, the University contributes extensively to regional success.

In developing the University's Strategic Framework, Canterbury Christ Church consulted extensively to identify the future academic priorities and how these would impact on the life of the institution. This work has been further informed by additional research on how trends and innovation might impact on the future ambitions beyond 2020.

Canterbury Christ Church's academic vision for the next 15 years puts the University in a strong position to respond to the evolution in education and needs of the students. This vision to transform the learning and teaching environment is vested in long term plans to consolidate the sites in Canterbury to two locations: North Holmes Campus and Augustine House. This redevelopment of the North Holmes Campus aims to provide modern, flexible accommodation to meet our teaching and research needs.

The University is also looking to the future by developing its staff, a community of talented people vital to the success of the organisation, whilst embedding the principles of sustainability - global citizenship, environmental stewardship, social justice, ethics and wellbeing.

### Estate Master Plan

Canterbury Christ Church has a clear academic vision for the next 15 years, which is about providing an exceptional student experience in first class facilities.

In buying the former Canterbury Prison site in 2014, the University has an opportunity to consolidate its presence in Canterbury and realise its academic vision for 2015 – 2030.

## VICE CHANCELLOR'S REPORT (CONTINUED)

The proposed development of the prison site, and the wider North Holmes Campus, is ambitious and is designed to provide contemporary spaces for learning, teaching and research.

The institution's academic vision for the next 15 years puts an increasing focus on single honours and Engineering, Technology and Sciences; developing the research capability and capacity by supporting international excellence through library, learning resources and laboratories; and ensuring economic growth through increased employer engagement, providing new opportunities and skills for students.

The development of the North Holmes Campus will enable the institution to realise this academic vision.

Detailed plans will be submitted to the Canterbury City Council in 2016 with a focus on the following principles:

- Consolidating the city centre estate into the North Holmes Campus and Augustine House.
- Providing flexible accommodation to meet the University's teaching and research needs.
- Retaining and reviving the historically significant elements of the former prison.
- Opening up the campus to the community: including new open public spaces and new heritage features. These plans include a heritage centre in the former prison and a pilgrims' trail from St Martin's Church and the Priory.
- Supporting the University's strategy to provide city centre University accommodation for first year students.

These plans are exciting and will ensure the University continues to provide education and facilities in the community and for the community.

### Revolving Green Fund to reduce carbon emissions

In early 2015, Canterbury Christ Church was awarded £280k for projects which reduce carbon emissions.

The grant was awarded in the last round of Higher Education Funding Council for England's Revolving Green Fund, for a series of energy and carbon saving projects across the University.

The £34 million fund provides recoverable grants for small-scale energy efficiency programmes and large-scale projects which may be retrofit, new technology, or other projects such as space rationalisation.

The projects will generate savings of £55,070 and 261 tonnes of carbon a year.

## VICE CHANCELLOR'S REPORT (CONTINUED)

### Investing in people

The results of the 2015 Staff Survey give the strongest indication yet that the University's ongoing investment in culture, leadership and management is impacting positively on the community of academic and professional services staff.

The response rate of 77% was the highest in the University's history and one of the highest in the sector, according to Capita which ran the survey on behalf of the University.

The findings showed that:

- 85% of staff would recommend the University as a good place to work
- 90% of staff say this is a friendly place to work
- 88% of staff agree that their manager is approachable
- 84% of staff agree that their colleagues provide support that helps them in their work.

Over the last few years the Human Resources and Organisational Development Department, together with the Senior Management Team, has driven a culture, leadership and management programme to promote leadership skills and strategies.

Various initiatives have sprung out of the leadership programme, including employee engagement and feedback schemes across the University. Staff Development has worked directly with teams to give managers the confidence to address team issues, stressing the importance of staff engagement, listening and responding to feedback - all of which has contributed to the positive Staff Survey response rate.

The University also launched its People Strategy 2015 – 2020, to support the delivery of the Strategic Framework and build on the Staff Survey findings. It sets out the University's aims and aspirations to develop its staff and to ensure the values live out in what the University does and how it does it.

As an Investors in People (iP) employer, Canterbury Christ Church will also be working towards the Gold iP standard, helping to improve staff engagement and a positive workplace for staff.

### Adopting the Living Wage

From January this year, all directly employed staff are guaranteed to earn at least the 2015 Living Wage rate of £7.85 an hour.

The decision by the Senior Management Team followed a review of University pay rates and means all those staff earning below the Living Wage are moved to the new £7.85 minimum rate.

The Living Wage is described as the hourly rate of pay necessary for people to meet their basic day-to-day needs including housing, food and clothing. The rate is calculated by the Centre for Research in Social Policy at Loughborough University and is closely linked to changes in the cost of these basic items. Unlike the national minimum wage it is not legally enforceable and is a voluntary benchmark.



## VICE CHANCELLOR'S REPORT (CONTINUED)

The University will now review the minimum rate of pay annually in light of any national pay awards and revisions to the Living Wage.

### **Innovation**

Universities flourish when there is a culture of innovation and enterprise, and a strong understanding of the burning issues facing local and global communities. With its prominent links to UK and international organisations, the University is perfectly placed to understand how teaching and research can respond to these challenges and provide innovative solutions for change.

### Post Graduate Medical Education

The institution's ambition to develop and support postgraduate medical education and research has led to the creation of a new Institute of Medical Science within the Faculty of Health and Wellbeing at Medway.

The Institute provides a facility to support medics to develop their clinical and research careers and is providing an important resource for regional clinicians to work in partnership with academic staff.

Professor Anan Shetty, Deputy Director of Minimally Invasive Surgery, and Saif Ahmed, Senior Lecturer, are pioneering procedures using computer-assisted robotics and stem cells to repair joints and broken bones.

They are collaborating on developing machinery and software that is so accurate, it takes any guesswork out of surgical procedures. Each operation will be tailor-made for the individual patient, making recovery quicker and long-term repair more secure.

They are also researching techniques for minimally invasive surgery and developing technology for bio-printers to grow tissues and organs which will, in the future, negate the need for human donors.

The University's new Institute of Medical Sciences and Innovation Hub represent a centre of excellence for postgraduate medical education and research, and include specialised areas of clinical practice within Cardiology, Otorhinolaryngology and Minimally Invasive Surgery related to General Surgery, Gynaecology, Orthopaedics and Urology, and supports ground breaking research in the use of stem cell technology within clinical practice.

Professor Shetty has spent 10 years collaborating with Professor Seok-Jung Kim in South Korea, developing a technique using a patient's own stem cells to regrow bone, heal fractures and prevent amputation. They have also developed a collagen gel which gives the signals to the cells to regenerate.

### New physician associate career in the NHS

As the UK introduces the relatively new profession of physician associates, Canterbury Christ Church will be the first university in the South East (outside London) to introduce a programme to support this new career path.

## VICE CHANCELLOR'S REPORT (CONTINUED)

The UK is facing an ageing population that has more complex and chronic needs with a growing number of interventions being offered. This is exacerbated by a national recruitment crisis of qualified doctors both in general practice and in secondary care.

One solution is the introduction of physician associates. Health Secretary Jeremy Hunt recently announced that 1,000 physician associates will be available to work in general practice by September 2020 and that this would be a cost effective way of addressing the increasing demands on the NHS.

The physician associate programme, (subject to validation), is a result of a formal request from Health Education Kent, Surrey and Sussex to develop a Postgraduate Diploma in Physician Associate Studies (PGDip in PAS).

This is a regional initiative involving four universities - Canterbury Christ Church University; University of Kent; University of Surrey; and Brighton and Sussex Medical School - developing the PGDip in PAS. Canterbury Christ Church is collaborating with the University of Kent, with courses potentially starting in January 2016.

### **Partnerships**

The University has been developing partnerships of mutual benefit and wider significance to society for decades. These partnerships bring another layer of vitality and strength to the University's work, providing new opportunities for global, national and regional connectivity.

#### Supporting education and the economy in Greece

In the last year, a new venture has been launched with one of the oldest educational organisations in Greece. As part of the internationalisation agenda, the institution has signed a major partnership with Aegean College, part of the OMIROS Educational Group, based in Athens.

This agreement supports the development, delivery and quality assurance of a range of undergraduate and postgraduate degrees to be taught in the Greek capital.

The decision to partner with Aegean College is based on common values and a commitment to providing the best possible local access to professional Higher Education.

OMIROS was founded in 1946, initially as a network of schools specialising mainly in English language education. Since then OMIROS has developed into a wider educational group, which has trained over three million students. Aegean College, a Greek Ministry of Education licensed institution, is developing innovative educational programmes in partnership with European academic institutions and awarding bodies.

Aegean College degrees are validated, supported and quality assured by Canterbury Christ Church University in a range of subjects, including: postgraduate study in Leadership and Management Development, Early Childhood and Early Childhood with Special Needs, and undergraduate study in Clinical Speech and Language Science. Study is entirely in Greek.

## VICE CHANCELLOR'S REPORT (CONTINUED)

The college's campuses are in the centre of Athens in new, fully renovated buildings with state-of-the-art computer laboratories and classrooms; sound and TV studios; video suites; Physiotherapy, Psychometric, Speech and Language Therapy and Early Childhood Education laboratories as well as in-house clinics.

It is hoped that by offering high quality local and affordable education, the partnership will also support employment opportunities in the Greek public and private sectors.

### Canterbury International Pathway College

A new Canterbury International Pathway College (CIPC) was established this year, based in the refurbished Governor's House by the former Canterbury Prison.

The college is the result of a partnership between our University and the Oxford International Education Group (OIEG), a fast-growing company with extensive experience in providing academic preparation, English language tuition and educational tours for international students.

The Pathway College is OIEG's second UK university collaboration – Leicester International Pathway College (LIPC) opened in 2014 in collaboration with De Montfort University.

The college will facilitate progression routes for international students onto degree courses at Canterbury Christ Church. The college provides international students with a mix of English language preparation and academic content.

OIEG has extensive worldwide networks to promote CIPC to prospective international students, who will benefit from a range of courses in Business, and Media, Art and Design.

### UK Institute of Migration Research

A national migration research institute was created this year as a result of a unique partnership between the UK charity Migrant Help and Canterbury Christ Church.

The UK Institute for Migration Research (UK-IMR) aims to provide independent, credible and evidence-based research to support policy makers.

Migrant Help has been providing services to migrant and refugee communities across the UK for more than 50 years, working with asylum claimants and refugees, victims of modern day slavery, EU nationals, foreign national prisoners and detainees.

The University is working in partnership with Migrant Help to translate academic and research expertise into policy and programme outcomes to help transform individuals, communities, society and the economy for the better.

The Institute's main research focus areas will be Migration and Local Governance, Asylum in the UK and Modern Day Slavery - including Human Trafficking.

## VICE CHANCELLOR'S REPORT (CONTINUED)

### Creative Partnerships

The University has joined forces with the visionary arts charity the Creative Foundation to further support arts and culture in Kent.

As Partner and Principal Sponsor of Canterbury Festival, Canterbury Christ Church has a firm and major commitment to supporting arts and culture in the region. This new partnership with the Creative Foundation aims to further support local community access to the arts.

The organisations will work together in a creative partnership starting with the Folkestone Book Festival. The annual 10 day event invites the public to listen to stories shared by the line-up of writers, join in discussions and debates, and attend creative workshops.

### Expanding Education partnerships with colleges

Partnerships with Further Education colleges providing professional training for teaching staff have expanded this year.

Four new partner colleges in London have joined Canterbury Christ Church, extending the number of Post Compulsory Diploma in Education and Training/ PGCE partnerships to 23 this September.

They include: Uxbridge College; West Thames College; Ealing, Hammersmith and West London College and Newham College.

Canterbury Christ Church offers professional development for staff with teaching responsibilities in the Further Education and Skills sectors, with 75% of the two-year part-time course delivered in the college by college staff and 25% by University staff, with a very successful link tutoring process.

The programme aims to develop the knowledge, skills and understanding of teachers in the sector which includes those who teach in Further Education Colleges, Adult and Community Learning, and 14-19 units in schools and academies, private training organisations and public services such as the Police, Paramedics and Fire Service trainers.

The 2014 Ofsted inspection of Initial Teacher Education assessed these programmes as 'Outstanding'

### Research with impact

The University's research is continually pushing boundaries with new discoveries and ideas for a sustainable, just society. Innovative projects and partnerships are coming up with solutions to local and global challenges, from education, migration, and politics, to patient-centred care, childcare and improving the nation's health and wellbeing through the arts.

Canterbury Christ Church is proud of its research profile and will continue to look for new opportunities to make a positive impact on the lives of others.

## VICE CHANCELLOR'S REPORT (CONTINUED)

### Globally significant research

Nearly 90% of research submitted to the 2014 Research Excellence Framework (REF) has been recognised as world-leading, internationally excellent or internationally recognised.

The REF assesses the quality and impact of UK Higher Education research across a wide range of disciplines every six years.

All subject areas submitted to the REF demonstrated world-leading research and 88% of the total research submitted was accredited to the top three grades of world-leading, internationally excellent or internationally recognised.

In the two subject areas of Sport and Exercise Sciences, Leisure and Tourism, and Music, Drama, Dance and Performing Arts, over 15% of research work submitted achieved world-leading classification.

The University's success in the REF resulted in a percentage increase in quality research funding which, according to the Times Higher Education, March 2015, represented an improvement in quality research funding in the top five of England's universities for 2015/16.

Professor R S Thirunamachandran

**Vice Chancellor and Principal**

**Date:**

# THE STRATEGIC REPORT

## Activities and Objectives

The principal activities and objectives of Canterbury Christ Church University are concerned with the provision of higher education teaching, research and consultancy. To support these objectives, the University undertakes other activities, including the provision of accommodation, catering and conference services.

## Strategic Framework 2015-20

The University has a strategic framework to provide measurable objectives to help achieve the mission and put shared values into practice. The framework was developed following a process of consultation led by the Vice-Chancellor and the senior management team. This involved engagement with staff from across the University. A simple one page framework was established that sets out what the University wants to achieve over the next five years.

The four strategic aims are clearly identified in the framework and underpinned by a set of strategies and cross cutting themes. The framework guides the achievement of the University's ambitions; and the plan's aims and objectives also inform schools and departmental business plans and the personal objectives of all colleagues within the University.

The four strategic aims are:

- To provide our diverse student body with a high quality, holistic student experience in relation to learning, the wider experience of the university and global citizenship.
- To maintain and enhance a high quality, broadly based academic portfolio which builds on and further develops areas of the University strength and potential including in relation to the public services.
- To extend our research and knowledge exchange activity to continue to contribute to intellectual, social, economic, cultural prosperity at a regional, national and international level.
- To provide an effective, efficient, innovative and sustainable use of the institution's resources to deliver the University's strategic goals across all our campuses.

## Financial Strategy

The University has a clear financial strategy and it is pleasing to note that the results for the financial year continue to show performance in line with the expectations set out in the medium term financial projections for the Institution. Canterbury Christ Church University continues to work towards the following aims in supporting the strategic framework:

- Continued investment in high quality facilities for the benefit of its students and staff.
- Financial provision will be made for the Institution to grow and develop its research activities.
- The planning processes for investment and development are underpinned by a clear business case and the consequences reflected within the financial forecasts.
- A transparent approach to the distribution of resources between academic and professional services areas.
- Financial provision will be maintained to enable the development of new initiatives and restructure the cost base.

## THE STRATEGIC REPORT (CONTINUED)

- The pricing policies of the University will reflect that expected of a high quality academic institution, whilst remaining competitive.

### Going Concern

The University's reports are prepared on the basis of the organisation being a going concern. This view is supported by the level of liquidity that has been maintained throughout the year, and planned for the foreseeable future, and further supported by a healthy balance of cash reserves.

### Summary Results for the Year

The results for the group for the year ended 31 July 2015 are summarised as follows:

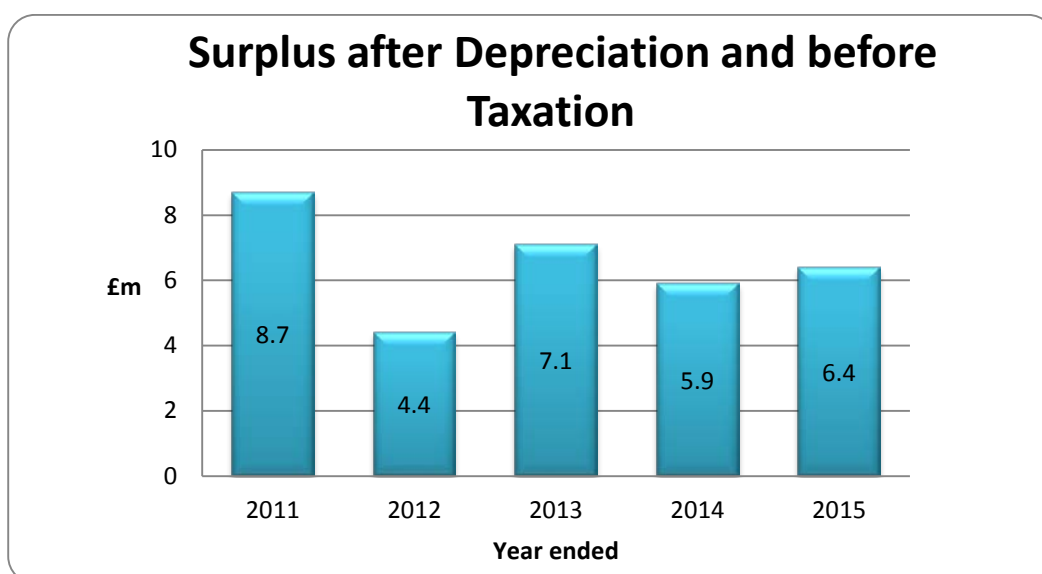
	<u>2015</u>	<u>2014</u>
	£000	£000
Income	126,386	122,207
Expenditure	119,954	116,022
<b>Operating surplus before taxation</b>	<u>6,432</u>	<u>6,185</u>
Net loss on disposal of tangible fixed assets	-	(318)
<b>Surplus before taxation and transfer to endowment funds</b>	<u><u>6,432</u></u>	<u><u>5,867</u></u>

The particular areas to highlight from the financial results are:

- An increase in total income of 3.44% to £126.4m (2014 increase of 0.24% to £122.2m).
- An increase in expenditure of 3.36% to £119.9m (2014 increase of 0.15% to £116.0m).
- Operating surplus before exceptional items and taxation and endowment funds adjustment of £6.4m (2014 £5.9m).
- Operating surplus after exceptional items and before taxation and endowment funds adjustment of £6.4m (2014 £5.8m).
- Capital additions of £8.0m (2014 £15.0m).
- A pension scheme deficit of £24.2m (2014 £18.9m)

The University returned a surplus of 5.1% of turnover (2014: surplus 4.8%), which exceeds financial objective in the strategic plan. The University's target of 5% annual trading surplus is a requirement for financial sustainability and to generate funds to support future capital investment.

## THE STRATEGIC REPORT (CONTINUED)



### Pension Reserve

The University contributes to the Local Government Pension Scheme (LGPS) on behalf of all eligible staff who have elected to join the scheme. This pension fund is a defined benefit scheme and as its assets and liabilities can be separately identified by the scheme's actuary these are reported within the financial statements. The University's share of the deficit in the scheme has increased in 2015 by £5.3m to £24.2m (2014: increased from £17.8m to £18.9m). The pension reserve is shown separately in the Balance Sheet, and reflects the level at which the scheme assets fail to cover the present value of liabilities.

### Student Numbers

The University has approximately 21,000 students and has continued to recruit successfully across all of its main funding streams: those funded formerly by the Higher Education Funding Council for England (HEFCE); the National College for Teaching and Leadership (NCTL); and, the Health Education Kent, Surrey and Sussex (HEKSS). The opportunities for growth in student numbers has been reassessed by the Institution as part of the development of its strategic plan in line with changes to public sector funding for higher education provision.

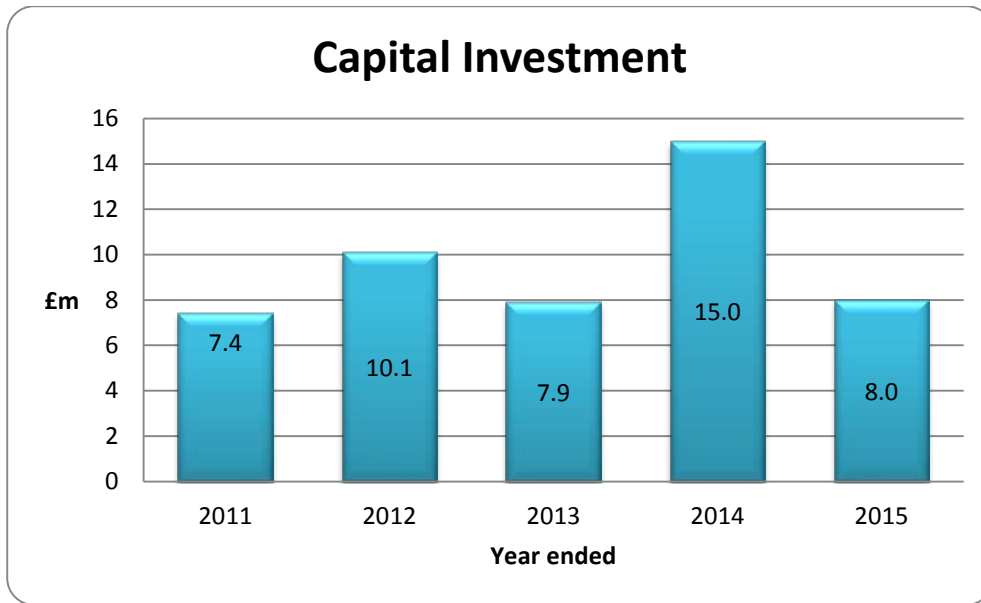
### Capital Projects

The University has a 10 year capital investment plan which specifies the necessary developments in buildings, technology and other capital schemes. This plan supports the overall Estates and IT Strategies which include further improvements to student facilities, IT systems and infrastructure. Additionally, the supported schemes are carefully considered in order that they may maximise the community impact and support environmental sustainability initiatives. The investment plan is set in the context of the strategic plan to enhance significantly and improve the quality of facilities for its students as well as supporting new technologies, enabling further growth and expansion of the Institution's provision of education.

During 2014/15 the institution continued to invest significantly in new IT equipment and £2m of financial support was provided for the upgrading of the Polo Farm sports centre. In addition there were a number of projects undertaken to help reduce carbon emissions. The capital programme has been financed through the generation of cash and with loan finance from SALIX.



## THE STRATEGIC REPORT (CONTINUED)

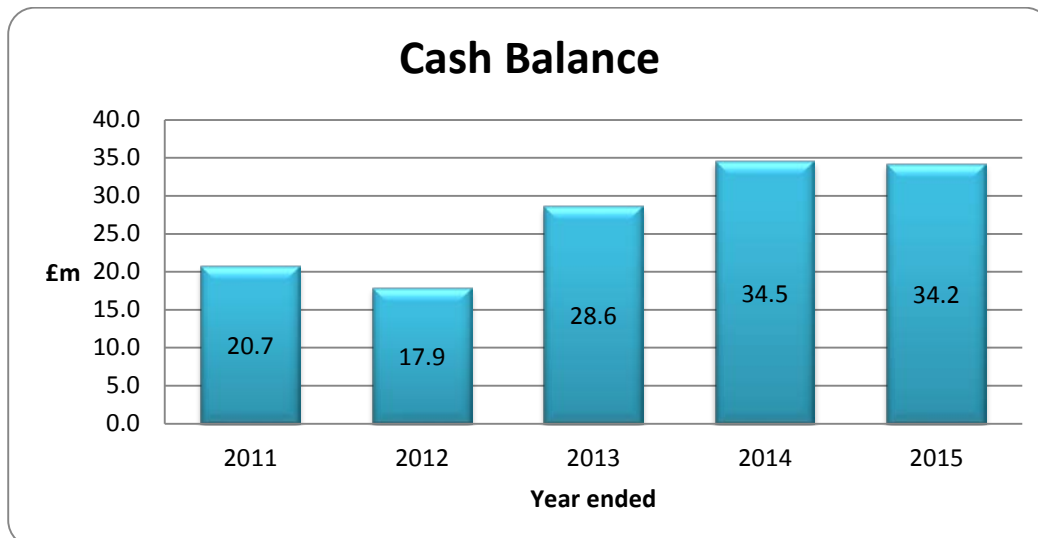


### Payment of Creditors

The policy is that payments are made in accordance with those terms and conditions agreed between the Institution and its suppliers. Where no specific conditions exist, suppliers are paid within 30 days of the receipt of invoice.

### Cash Flow

Canterbury Christ Church University has continued to maintain appropriate cash balances generated through operations to support the significant capital investment. The cash position at the end of the financial year reflects the utilisation of liquid funds in this way. The Institution recognises the importance of continuing to generate appropriate levels of surplus to enable the generation of further positive cash inflows in support of working capital and investment plans.

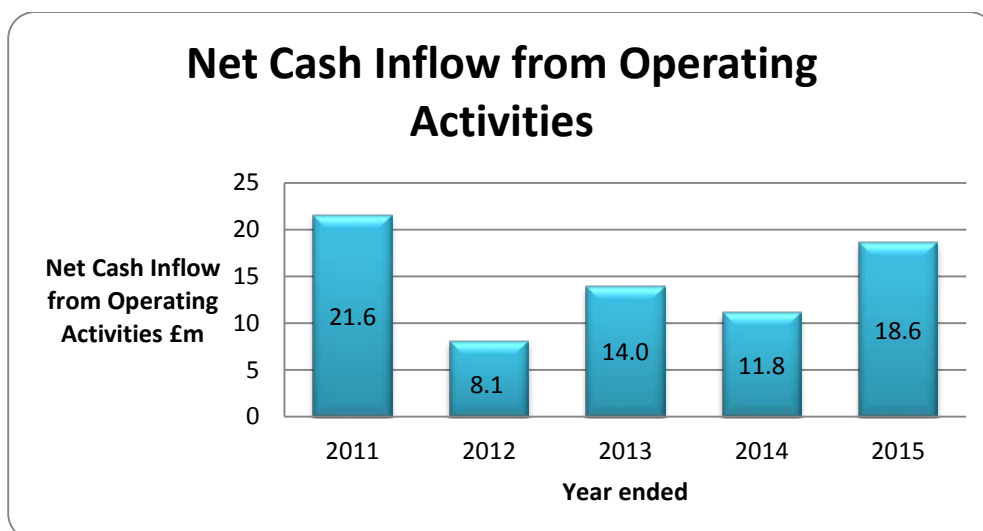
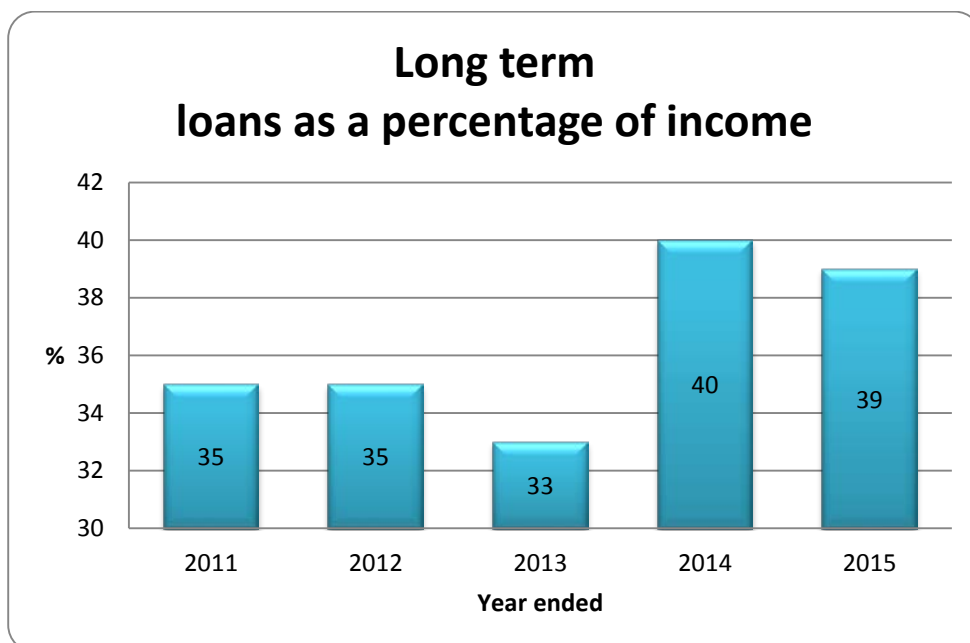


The cash position decreased slightly by £0.3m due to the timing of receipts at year end (2014: £5.9m increase).

## THE STRATEGIC REPORT (CONTINUED)

### Long term loans as a percentage of income

The Institution maintains its overall borrowing levels at 39% of annual income, in line with the strategic plan targets. The University has anticipated the need to manage its loan financing arrangements in a careful and measured manner, recognising that conditions can change substantially over the period of a long term loan. The Governing Body has therefore agreed that the interest rate exposure will be carefully managed by means of a combination of variable and fixed rate borrowing. New borrowing of £315k was received in 2014/15 from Salix to support a range of energy efficient projects.



The net cash inflow from operating activities, reserves and new loan finance has been used to fund the capital investment in year.

## THE STRATEGIC REPORT (CONTINUED)

### Environment

Sustainability is one of the cross cutting themes of the University's 2015-2020 Strategic Plan. To support this theme and to provide guidance on the management of resources the institution the University has an energy management policy. This policy provides an overview of how the University will reduce the consumption of energy, help protect the environment and raise awareness of the University's environmental responsibility and to reduce the environmental impact.

The University operates the Sustainability Strategic Management Group to ensure delivery of the sustainability objectives outlined in the Environmental Sustainability Policy. These objectives include working with universities, colleges, businesses and the local community to promote and develop environmental good practice and promoting resource efficiency and minimising waste by implementing sustainable procurement practices and management of waste streams in line with the waste hierarchy.

In support of this the University holds full ISO14001 accreditation and has gained the Ecocampus platinum accreditation.

### Value for Money (VfM)

The University has a VfM Strategy setting out the objectives, benefits and responsibilities for achieving value for money across the organisation. To help to deliver and report on the success of this strategy the University established the Improvements and Efficiencies Steering Group. The group is chaired by the Director of Finance with staff representation from across the institution. The group members are responsible for embedding and disseminating VfM principles and practice across the University.

The group reports on an annual basis to the audit committee on efficiencies delivered in the year, some of which are recorded onto the MEASURE system which feeds into the HEFCE Efficiency Measurement Model (EMM) & Best Practice Indicator (BPI) annual reports.

The report also includes progress being made by the institution in improving processes through the Canterbury Christ Church Process Improvement Project (CCPIP) and an update on the profile of the organisation based on the Procurement Maturity Assessment completed in June 2014.

### Main Risks

The identification and management of risks is the responsibility of the Governing Body and the University management. The processes ensure that a culture of risk management is embedded amongst staff. The University has in place a risk management programme that seeks to limit the adverse effects on the performance of the Institution and the system to manage these risks is described in the statement of internal control.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with the HEFCE and Turnbull guidance.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, by the work of the Internal Auditor, and by comments made by the External Auditor in their management letter.

## THE STRATEGIC REPORT (CONTINUED)

HEFCE also provides an annual assessment which again confirmed in March 2015 that the Institution was not currently at higher risk.

Whilst a prudent approach has been adopted to financial planning, the University considers that there are a number of key risks to its financial health and sustainability which are also likely to be experienced in other Institutions across the sector. The main areas identified are:

- Pressure on pay and pensions.
- Constraints on government spending leading to a reduction in public funding.
- The impact of fee arrangements and the University's performance in league tables on the recruitment of students.
- Changes to funding arrangements for Teacher Education.
- Changes to funding and commissioning arrangements for Health Education Kent, Surrey and Sussex (HEKSS) professional training.
- The impact of the economic climate on the demand for higher education and, in particular, employer sponsored education and training.
- Failure to achieve targets for International recruitment of students and for research and knowledge exchange income.

### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Reserves Policy and Key Performance Indicators (KPIs)

The University seeks to retain a level of reserves to support its financial sustainability and in accordance with its strategic plan, the policy is reviewed in each academic term. The reserves position is maintained through the achievement of surpluses in line with the Institution's target of 5%. The pensions' liability reserve, whilst recognised in the balance sheet, represents a longer term liability which does not materially impact upon the short to medium term policy for the maintenance of a general reserve. Monthly financial reports are produced for the Senior Management Team which includes the analysis of performance against KPIs and these are also reviewed at each meeting of the Finance and General Purposes Committee of the Governing Body. The table below shows KPI performance for the year ending 31 July 2015 compared to the previous year.

Key Performance Indicators	2015	2014
Historical cost surplus as a % of income	5.1	4.8
Income and expenditure reserve as a % of total income	64.6	60.9
External borrowing as a % of total income	39.0	40.1
Current asset / current liability ratio	2.02	1.68
Net liquidity days	111	116

### Financial Risk Management

The University recognises that all treasury management activities involve risk and potential reward. The University's policy on borrowing is to minimise cost while maintaining the stability of

## THE STRATEGIC REPORT (CONTINUED)

its financial position by sound debt management techniques. The objective for lending purposes is to achieve the best possible return while minimising risk.

The University does not borrow or deposit funds denominated in foreign currencies, which limits the exposure to currency risk. The Pro Vice Chancellor: Resources has the authority to implement the University's strategy for depositing surplus funds and managing the cash flow of the University.

In exercising these powers he has regard to the perceived credit risk associated with the approved organisations with which funds may be deposited or invested; also the effect of possible changes in interest rates on the cost of borrowing and the return from investing and the need to maintain adequate liquid funds to meet the University's obligations.

### **Conclusion and Outlook**

The current strategic plan was implemented after an extensive period of staff consultation and engagement. The plan is fully supported by a business planning process which relates income to expenditure and ensures that ongoing budgets are responsive to shifts in resource allocation.

The University has an estates master plan which takes into consideration future use of the recently acquired former Canterbury prison site. An enabling investments and borrowing strategy is being developed to support the institution's achievement of its strategic aims and ambitions including the estates master plan.

The financial results and the provision of excellent education for its students continue to provide a sound basis for the sustainable development of Canterbury Christ Church University.

Professor R S Thirunamachandran

**Vice Chancellor and Principal**

**Date:**

## PUBLIC BENEFIT STATEMENT

Canterbury Christ Church University is a registered charity within the meaning of the Charities Act 2011 and as such is required to demonstrate how its work is of 'public benefit'. Inextricably linked with the primary purpose of Canterbury Christ Church University is the aim of contributing to the public good. Through its teaching, research and knowledge transfer activities, the Institution's aims are to contribute considerable public benefit to the local, national and international community. Trustees have had regard to Charity Commission guidance on public benefit in section 4 of the Charities Act 2011.

The University aims to be a leading employer-engagement university, with a particular emphasis on the public services. It plays a key role in taking forward the skills agenda whilst delivering a flexible, demand-led portfolio of education and development. The University's student profile is varied, a significant proportion being mature learners.

Contributing towards a more employable graduate workforce, the University develops and delivers programmes in association with public sector organisations both locally and nationally. Canterbury Christ Church University embeds employability within the curriculum wherever possible, and many of our courses are designed with active employer engagement to meet their current and future needs. This ensures that programmes are current, relevant and appropriate to both students and the employers.

Vocational pathways linked to employment, part time and flexible study routes, appropriate levels of study support underpinned with key skills all play a key role in the future development of local communities.

The continuing work of the University's Outreach Team ensures that its reach is extended into schools and colleges and raises the aspirations and progression of young people and under-represented groups into higher education. The team provides advice to inspire school and college students to progress into higher education. Through a range of initiatives, including summer schools, progression days, mentoring sessions, master classes, workshops, taster days, careers fairs and work experience opportunities, the University has helped to open access to its programmes to large numbers of students who may otherwise not have engaged in higher education.

The University's volunteering service is designed to allow local voluntary, community and not-for-profit organisations to benefit from the skills and enthusiasm of students and staff, who have invested their time into volunteering with local charities, schools and community groups. Students and staff are engaged in volunteering projects in the areas of the environment and conservation, arts and culture, the media, community activities, work with the young, elderly, disabled and disadvantaged.

As a Church of England foundation, the University enjoys effective partnerships with local faith groups and its chapel is used by external church organisations.

The University's research is applied for the benefit of the local community including, for example, research into education and music which is rated as world class. Specific research into the positive effects of music on people suffering early stage dementia is proving particularly beneficial in partnership with local community groups.

The University makes an important contribution to the cultural life of the local community by providing a series of music concerts as well as art and photography exhibitions, many of which are open to the general public and often free of charge.

The University is a major employer and purchaser of goods and services in Kent. The income generated of £126.4m in 2014/15 (2014: £122.2m) has had a significant impact on the Canterbury and Kent economy.

## STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY

In accordance with the Instrument and Articles of Government, the Governing Body of Canterbury Christ Church University is responsible for the determination of the educational character and mission of the University and the oversight of its activities including ensuring that an effective system of internal control is maintained. Their responsibilities are:-

- protecting the effective and efficient use of resources, and for safeguarding assets, taking advice from the Finance and General Purposes Committee;
- setting a framework for the appointment, assignment, grading, appraisal, suspension, dismissal and determination of the pay and conditions of staff other than designated senior staff, for the guidance of the Human Resources Sub-Committee and/or the Vice-Chancellor as appropriate;
- ensuring the effective management of the Institution and planning its future development;
- observing the highest standards of corporate governance. To ensure and demonstrate integrity and objectivity in the transaction of its business and, wherever possible, following a policy of openness and transparency in the dissemination of its decisions;
- ensuring that funds provided by the Funding Council are used in accordance with the terms and conditions specified in the Funding Council's Financial Memorandum;
- ensuring, through the Finance and General Purposes Committee and the Audit Committee, the establishment and monitoring of systems of control and accountability including financial and operational controls and risk assessment;
- taking such steps as are reasonably practicable to ensure that the Students' Union operates in a fair and democratic manner and is accountable for its finances (The Education Act 1994);
- the health and safety of employees, students and other individuals whilst on the Institution's premises and in other places where they may be affected by its operations. Ensuring that the Institution has a written statement of policy on health and safety and arrangements for the implementation of that policy, including the establishment of a Health and Safety Group with trade union and staff representation;
- eliminating unlawful discrimination and promoting equality of opportunity and good relations between different groups;
- the determination of the educational character and mission of the University including the approval of the University's Strategic Plan and the setting of Key Performance Indicators (KPIs);
- the approval of the annual estimates of income and expenditure;
- ensuring the solvency of the Institution and the safeguarding of its assets;
- the appointment or dismissal of the Vice-Chancellor, Deputy Vice-Chancellor and Clerk to the Governing Body; and,
- ensuring that there are suitable arrangements for monitoring the Vice-Chancellor's performance;

## STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY (CONTINUED)

- the varying or revoking of the Instrument or Articles of Government (subject to provisions within those documents in regard to the office of the Archbishop of Canterbury and the Department for Education);
- ensuring compliance with Company and Charity law, and in particular the duties of Directors under the Companies Act 2006 for the appointment of the external auditor;
- receiving and approving annual financial statements after they have been audited by the external auditor, and forwarding the external auditor's management letter to the Funding Council;
- approving the constitution of the student body (Students' Union) and receiving the audited financial statements of that body on an annual basis;
- reviewing its own effectiveness and performance at regular intervals;
- regularly monitoring the performance of the Institution against its planned strategies and operational targets including those contained in approved KPIs.

### Financial Responsibilities of the Governing Body

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Canterbury Christ Church University and to enable it to ensure that the financial statements are prepared in accordance with the Instrument and Articles of Government, the Statement of Recommended Practice, "Accounting for Further and Higher Education" and relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England (HEFCE) and the Governing Body of Canterbury Christ Church University, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Canterbury Christ Church University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Governing Body 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.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;



## STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY (CONTINUED)

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- safeguard the economical, efficient and effective management of the University's resources and expenditure; and
- review the means of securing its own effectiveness.

The directors confirm, so far as each director is aware, there is no relevant audit information of which the group auditor is unaware. Each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the group auditor is aware of that information.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and monthly reviews of 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 Governing Body;
- comprehensive financial regulations, detailing financial controls and procedures, including a fraud policy, all as approved by the Finance and General Purposes Committee and Governing Body;
- compliance with a University policy on risk management; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee under powers delegated by the Governing Body and whose head provides the Audit Committee with a report on internal audit activity within Canterbury Christ Church University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

## **STATEMENT OF PRIMARY RESPONSIBILITIES OF THE UNIVERSITY'S GOVERNING BODY (CONTINUED)**

The Governing Body intends to publish the financial statements on Canterbury Christ Church University's website:

- The maintenance and integrity of the Canterbury Christ Church University website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Mr S Clark**

**Pro-Chancellor (Chairman of the Governing Body)**

**Date:**

## CORPORATE GOVERNANCE

The following statement is provided to enable readers of the Vice-Chancellor's Report and Financial Statements of the Institution to obtain a better understanding of the governance and legal structure of Canterbury Christ Church University. It covers the full financial year period and the period from the end of the financial year up to the date of approval of the Vice-Chancellor's Report and Financial Statements.

Canterbury Christ Church University endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life (Nolan) and the guidance to institutions of higher education, which has been provided by the Committee of University Chairmen (CUC), issued in December 2014. The Board of Governors has adopted the CUC's Governance Code of Practice and work has been undertaken to ensure that governance practice at the University is consistent with the principles of the Code including all of its mandatory elements.

As an Anglican Foundation established in 1962 Canterbury Christ Church University operated under a Trust Deed until 2002-2003. It was a registered charity and, in accordance with S129a of the Education Reform Act 1988, its powers and framework of governance were set out in Articles of Government. The objects of the Charity, set out in the Trust Deed, were:

“the advancement of education, learning and research for the benefit of the public including, in particular, and without prejudice to the generality of the foregoing, the conduct and development of a College to be called Canterbury Christ Church University College or under such other name as the Governing Body with the approval of the Archbishop of Canterbury shall decide for the training of persons as teachers and the provision of other higher or further education.”

On 1 August 2003, the University College transferred its assets and liabilities to an incorporated body, a company limited by guarantee and registered as a charity. The incorporated body operates under governing documents known as the Memorandum and Articles of Association incorporating the Instrument and Articles of the previous Charitable Trust. Until 2003, all land assets were held in the name of the Church of England on behalf of the Institution. The Church retains an interest in the Christian distinctive elements of the institution's governance arrangements through special safeguarding provisions contained in the governing documents. These provisions are referred to as the “golden vote” and allow for the Church of England to exercise a power of veto if the Governing Body passes any resolution which seeks to remove or vary any clause in the governing documents pertaining to the Institution's Christian distinctiveness. The golden vote is not considered to be a material factor in the University's overall governance arrangements in circumstances where it has never been exercised and its inclusion and scope in the governing documents has been narrowed following dialogue with the Church of England.

On 1 August 2005, the Privy Council approved the Institution's application for full University status, and change of name to Canterbury Christ Church University. Companies House and the Charity Commission approved the change of name of the Company and the Registered Charity with effect from the same date.

On 24 June 2013 the Privy Council approved changes to the Articles of Government, principally in relation to a reduction in size from 24 to 18 Governors and consequential changes arising from that reduction. Changes to the responsibilities and Genuine Occupational Requirement relating to the post of Vice-Chancellor were also approved.

The Articles of Government require the University to have a Governing Body and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

## CORPORATE GOVERNANCE (CONTINUED)

The primary responsibilities and constitution are as follows:

- The Governing Body is responsible for the finance, property and staffing of the Institution. It is specifically required to determine the educational character and mission of the Institution and to oversee its general strategic direction.
- The Governing Body comprises 18 members, chosen in line with criteria contained in the legislation identified above: the Pro-Chancellor (Chairman of the Governing Body) is elected from the nominated members. There is provision for the appointment of co-opted members, none of whom may be members of staff of the University, and for representatives of the academic staff and of the student body.
- Subject to the overall responsibility of the Governing Body, the Academic Board has oversight of the academic affairs of the Institution and draws its membership from the staff and the students of the University and representatives of other institutions. It is particularly concerned with general issues relating to teaching and research.

The roles of the Chancellor (installed December 2005) and the Pro-Chancellor (Chair of the Governing Body) are separate from the role of the University's Chief Executive, the Vice-Chancellor. The Vice-Chancellor is the head of the Institution and has a general responsibility to the Governing Body for the organisation, direction and management of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England (HEFCE), the Vice-Chancellor is the designated officer of the Institution and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

Although the Governing Body meets at least four times each academic year, much of its detailed work is handled by committees, including a Finance and General Purposes Committee, a Human Resources Committee, a Chairs Committee (which fulfils the role of the Nominations Committee) and a Remuneration Committee.

The decisions of these Committees and those of the Audit Committee are formally reported to the full Governing Body. The Audit Committee comprises members of the Governing Body, not being members of any other committee or the Executive except that the Chair is a member of the Chairs Committee of the Governing Body, a committee without an executive role. The Audit Committee operates within the HEFCE Audit Code of Practice contained in Annex A of the Memorandum of Assurance and Accountability between HEFCE and institutions. Its members may from time to time serve on working parties or other ad-hoc groups established by the Governing Body to consider specific projects. A significant proportion of the membership of all committees consists of nominated and co-opted Governors, other than co-opted student and staff members. Chairships are determined by the Governing Body on the advice of the Nominations Committee.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Senior Management Team (SMT) members all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor exercising the responsibility conferred by the Articles of Government. The University maintains a Register of Interests of members of the Governing Body which may be consulted by arrangement with the Clerk to the Governing Body. The Governing Body has powers to remove members in certain specified circumstances. In accordance with the Articles of Government of the Institution, the General Counsel has been appointed as Clerk to the Governing Body and, in that capacity, provides independent advice on matters of governance to all members. The General Counsel has also been appointed Company Secretary to the incorporated Canterbury Christ Church University, under the Memorandum and Articles of Association dated July 2013.

## **CORPORATE GOVERNANCE (CONTINUED)**

Copies of the Memorandum and Articles of Association are available for inspection in the office of the General Counsel.

The University's KPIs were revised in March 2015 to reflect the priorities and monitoring of performance against the University's new Strategic Plan.

In addition there is an ongoing commitment to the development of the Governing Body effectiveness and work undertaken in this area during 2014/15 has included a three year development programme for governors; reintroduction of visits to Schools and Departments; embedding equality and diversity and considerations in the composition of the Governing Body; establishment of an electronic governor area accessible by Governors and streamlining of the papers provided to them. A governance progress review led by the Pro-Chancellor and Clerk has confirmed good progress against the recommendation arising from the last four yearly review of University governance in 2012 and for the action to enhance the information provided to Governors. HEFCE carries out a periodic assurance review of the University's governance arrangements and in its last review concluded that it was able to place reliance on the University's accountability information.

## STATEMENT OF INTERNAL CONTROL

The Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which they are responsible, in accordance with the responsibilities assigned to the Governing Body in the University's Instrument and Articles of Governance and the Financial Memorandum with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the Vice-Chancellor's Report and Financial Statements, and accords with the HEFCE and Turnbull guidance.

The Governing Body has responsibility for the Institution's system of internal control and for reviewing its effectiveness and that review covered all controls (financial, operational, risk management and compliance). The following processes have been established:

- The Governing Body meets at least four times each year to consider the plans and strategic direction of the Institution.
- The Governing Body and the Audit Committee have approved the Risk Management Policy and Procedures which summarise the approach, roles and responsibilities, and the annual review of effectiveness process.
- The Governing Body has assumed responsibility for oversight of the risk management process within the University as a whole, and determined its risk appetite, which includes adopting a differentiated approach to risk depending on the nature of the activity. As Chief Executive, the Vice-Chancellor has ultimate responsibility for the management of the University, including the management of risk. The General Counsel oversees the risk management process adopted by the University.

The University maintains a comprehensive Strategic Risk Register that identifies the high level strategic risks facing the Institution. Each risk has an identified risk owner clearly documented within the Register together with a scoring assessment based on likelihood and impact. Risks are given a gross and residual rating. Risk identification and management is closely linked to the achievement of the Institution's objectives, with all Schools and Departments producing local risk registers alongside their annual business plans. All of the University's identified high level corporate risks are directly linked to the University's Key Performance Indicators which monitor achievement against the Strategic Plan.

Each risk response has been formally considered by the General Counsel, the Senior Management Team (SMT) and the Audit Committee. The Vice-Chancellor and the SMT monitor the top 'net exposure' risks on a regular basis, as well as the effectiveness of controls in place to manage less serious risks. Less serious risks are reviewed and monitored by Faculties, Schools and Departments which operate local registers as part of an overall approach, embedding risk assessment within the University. The annual presentation of local risks within SMT business plans allows for consideration to be made of aggregated risks for potential inclusion in the University's high level risk register.

Regular reports are received from the Audit Committee concerning findings of the Internal Auditor and matters relating to internal control. The Vice-Chancellor provides a written report to the Audit Committee on the University's approach to Risk Management at each of its meetings and an annual report is presented in May of each year.

## STATEMENT OF INTERNAL CONTROL (CONTINUED)

The University has appointed Internal Auditors, who operate to standards defined in the HEFCE Financial Memorandum and during the year they were part of the HEFCE Assurance Review of the University. The Internal Auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The University's Internal Audit Service provider changed at the end of the year, with Grant Thornton stepping down from the role and the new provider, Baker Tilly commencing in August 2015.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter. HEFCE also provide an annual assessment which again confirmed in March 2015 that the Institution was not at higher risk.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTERBURY CHRIST CHURCH UNIVERSITY

We have audited the financial statements of Canterbury Christ Church University for the year ended 31 July 2015 which comprise of the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Statement of Consolidated Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the University's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the governing body and auditor**

As explained more fully in the Governing Body's Responsibilities Statement, the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2015 and of its surplus for the year then ended;
- 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; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTERBURY CHRIST CHURCH UNIVERSITY (CONTINUED)**

### **Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice**

In our opinion, in all material respects:

- income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2015 have been applied for the purposes for which they were received;
- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the memorandum of assurance and accountability, with the funding council, the funding agreement with the Teaching Agency; and,
- the requirements of HEFCE's accounts direction have been met.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Susan Barratt BA, ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

## 1. Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the current and preceding year, are set out below.

The Governing Body is satisfied that the University has sufficient facilities to continue operating at its current level and therefore the financial statements have been prepared in accordance with the historical cost convention and on a going concern basis.

The wholly owned subsidiary company, Medco (CCCU) Ltd commenced trading on 1 February 2015 and therefore, the results of the subsidiary are consolidated with the parent company. The University has taken advantage of the exemption under Companies Act 2006: section 406 and is not presenting the parent company's income and expenditure account.

## 2. Recognition of Income

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. This may involve the deferral of income over more than one financial year. Where the amount of the tuition fee is reduced, by a discount awarded by the University for prompt payment, income receivable is shown net of the discount.

The recurrent income from grants, contracts and other services rendered is accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities. Income relating to projects is accrued in relation to the amount of work completed.

Non-recurrent grants received in respect of the acquisition or the construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Income from the Restricted Permanent Endowments is credited to Endowment income and interest receivable in the income and expenditure account on a receivable basis.

Research and Other Income Generating projects are accounted for in line with SSAP 9 and its provisions for accounting for long term contracts. Income is recognised on the percentage completion method and any losses recognised with immediate effect.

## 3. Grants

Revenue-based grants from Government, HEFCE, the National College of Teaching and Leadership (NCTL) and HEKSS trusts are passed through the Income and Expenditure Account when the conditions relating to the grant have been satisfied (see 2 Recognition of Income above). Grants or other contributions from government and other bodies are accounted for on an accruals basis and recognised in the financial statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Where the University receives a grant to finance, or partly finance, the purchase, construction or development of an asset, and the asset is capitalised, the grant is credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded (see 7 Tangible Fixed Assets).

### 4. Agency Arrangements

Funds the Institution receives and disperses as a paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### 5. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### 6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

### 7. Tangible Fixed Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The total cost of an asset can include incidental expenses incurred by staff or consultants, where these costs relate entirely to the project.

Depreciation is charged on a straight line basis from the month that the asset is acquired or that construction is complete. During the time of construction the value of the asset is held in assets under construction. Once construction is complete the value of the asset is transferred to the asset register. Depreciation commences from when the asset is commissioned into use.

Land is not depreciated. Buildings are depreciated over their expected useful lives of 50 years. Assets in the course of construction are accounted for at cost incurred to the end of the year. They are not depreciated until they are brought into use. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross amount of the tangible fixed asset concerned.

Minor works of between £10,000 and £25,000 are separately identified and depreciated over ten years. These have been included in the freehold land and buildings category in Note 11.

Fixtures, fittings and equipment, including computers and software, costing less than £5,000 per individual item are written off in the year of acquisition. All other equipment is capitalised and depreciated over the useful economic life expectancy of the asset estimated to be 4 years.

Where buildings, minor works and equipment are acquired with the aid of specific grants the asset is capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the asset.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

### 8. Stocks

Stocks are materials held by various University departments including catering, together with books and other items purchased for resale. Stocks relate to finished products and are valued at the lower of cost or net realisable value on a first-in, first-out basis. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### 9. Cash at bank and in hand

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.

### 10. Maintenance of Premises

The University has a long term rolling maintenance plan which forms the basis of the ongoing maintenance of the estate. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

A provision for dilapidation is made where leased buildings require regular maintenance and where the lease requires the property to be returned to the landlord in a specified state. A provision is made for the estimated costs of the dilapidation spread over the period of tenancy.

### 11. Taxation Status

The University is a registered charity within the meaning of Part 2 within the Charities Act 2011 and as such is a charity within the meaning of Section 467 of the Corporation Tax Act (CTA) 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Chargeables Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Canterbury Christ Church University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is presented in the financial statements as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 12. Pension Schemes

Retirement benefits to employees of the University are provided by the Local Government Pension Scheme (LGPS), the University Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS). All schemes are defined benefit schemes but the USS and TPS schemes are both multi-employer schemes and it is not possible to identify the assets of the scheme which are attributable to the University on a consistent and reliable basis. In accordance with FRS 17 Retirement Benefits, these schemes are accounted for on a defined contribution basis and the contributions to these schemes are included as expenditure in the period in which they are payable.

The University is able to identify its share of assets and liabilities of the LGPS and thus the University fully adopts FRS 17 Retirement Benefits for this scheme. Contributions to the LGPS are charged to the Income and Expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The assets of the LGPS are valued using bid values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to Staff Costs, Note 6. The expected return on the scheme's assets and the increase during the period of the present value of the scheme's liabilities arising from the passage of time are included in Interest and Other Finance Costs, Note 7.

The difference between the fair value of the University's share of the assets held in the LGPS defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's Balance Sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through funds from the scheme.

Actuarial gains and losses and movements to the defined benefit pension scheme's assets or liabilities arising from a change in actuarial assumptions are charged to the Statement of Total Recognised Gains and Losses in accordance with FRS 17 Retirement Benefits. Further information regarding the scheme can be found in Pension Schemes, Note 27.

### 13. Investments

Where charitable donations are to be retained for the benefit of the Institution as specified by the donors, these are accounted for as endowments. The University has two main types:

- Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institution can convert the donated sum into income.
- Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Endowment asset investments are held as cash.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 14. Investment in subsidiaries

The investment in subsidiary undertakings is shown at cost or impaired value, whichever is the lower. The University carries out an annual impairment review of the investment in the subsidiary.

### 15. Reserves

The following reserves are maintained:

- Unrestricted – where the reserve is not restricted as to its use.
- Designated – This is the designated pensions reserve reported in Note 21.

# Consolidated Income and Expenditure Account

For the year ending 31 July 2015

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
<b>Income</b>			
Funding body grants	1	8,618	16,123
Tuition fees and education contracts	2	97,126	87,316
Research grants and contracts	3	1,309	1,308
Other operating income	4	19,112	17,340
Endowment income and interest receivable	5	221	120
<b>Total income</b>		<u>126,386</u>	<u>122,207</u>
<b>Expenditure</b>			
Staff costs			
- restructuring costs	6	757	
- other staff costs	6	66,834	64,741
Other operating expenses		<u>43,786</u>	42,164
Depreciation of tangible fixed assets	11	7,758	7,544
Interest payable and other finance costs	7	819	1,573
<b>Total Expenditure</b>	8	<u>119,954</u>	<u>116,022</u>
<b>Surplus for the year after depreciation of tangible fixed assets at cost and before taxation</b>			
		6,432	6,185
Taxation	9	-	-
<b>Surplus for the year after depreciation of tangible fixed assets at cost and taxation</b>			
		<u>6,432</u>	<u>6,185</u>
<b>Exceptional item:</b>			
Net loss on disposal of tangible fixed assets		-	(318)
<b>Surplus for the year after depreciation of tangible fixed assets at cost, disposal of tangible fixed assets and taxation</b>			
		<u>6,432</u>	<u>5,867</u>
<b>Surplus for the year transferred from accumulated income in endowment funds</b>			
		13	10
<b>Surplus for the year retained within general reserves</b>			
	10	<u>6,445</u>	<u>5,877</u>

The income and expenditure is in respect of continuing activities.

## Statement of Consolidated Total Recognised Gains and Losses

For the year ending 31 July 2015

	<u>Note</u>	<u>2015</u> £000	<u>2014</u> £000
Surplus on continuing operations after depreciation of assets at cost, disposal of assets and taxation		6,445	5,877
New endowments	20	12	135
Net endowment expenditure in the year	20	(12)	(10)
Endowment transferred to deferred capital grants	20	(2)	(3)
Actuarial (loss)/gain in respect of pension	27	(4,448)	262
<b>Total recognised gains and losses for the year</b>		<b>1,995</b>	<b>6,261</b>
 <b>Reconciliation</b>			
Opening reserves and endowments		55,777	49,516
Total recognised gains and losses for the year		1,995	6,261
<b>Closing reserves and endowments</b>		<b>57,772</b>	<b>55,777</b>



## Balance Sheets

As at 31 July 2015

		<u>Consolidated</u>		<u>University</u>	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Fixed assets</b>					
Tangible assets	11	120,259	119,990	120,259	119,990
Investments	12	-	-	450	450
<b>Total fixed assets</b>		<b>120,259</b>	<b>119,990</b>	<b>120,709</b>	<b>120,440</b>
<b>Endowment assets</b>	20	<b>272</b>	<b>274</b>	<b>272</b>	<b>274</b>
<b>Current assets</b>					
Stocks	13	273	264	273	264
Debtors	14	11,582	11,290	11,629	11,290
Cash at bank and in hand	26	34,192	34,467	33,896	34,467
<b>Total current assets</b>		<b>46,047</b>	<b>46,021</b>	<b>45,798</b>	<b>46,021</b>
<b>Less creditors: amounts falling due within one year</b>	15	<b>(22,746)</b>	<b>(27,005)</b>	<b>(22,947)</b>	<b>(27,455)</b>
<b>Net current assets</b>		<b>23,301</b>	<b>19,016</b>	<b>22,851</b>	<b>18,566</b>
<b>Total fixed and current assets</b>		<b>143,832</b>	<b>139,280</b>	<b>143,832</b>	<b>139,280</b>
<b>Less creditors: amounts falling due after more than one year</b>	16	<b>(46,695)</b>	<b>(49,099)</b>	<b>(46,695)</b>	<b>(49,099)</b>
<b>Less provisions for liabilities</b>	18	<b>(927)</b>	<b>(849)</b>	<b>(927)</b>	<b>(849)</b>
<b>Net Assets excluding pension liability</b>		<b>96,210</b>	<b>89,322</b>	<b>96,210</b>	<b>89,322</b>
<b>Net pension liability</b>	27	<b>(24,170)</b>	<b>(18,971)</b>	<b>(24,170)</b>	<b>(18,971)</b>
<b>Net Assets including pension liability</b>		<b>72,040</b>	<b>70,361</b>	<b>72,040</b>	<b>70,361</b>

## Balance Sheets - Continued

As at 31 July 2015

	<u>Note</u>	<u>Consolidated</u>		<u>University</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		£000	£000	£000	£000
<b>Deferred capital grants</b>	19	<b>14,268</b>	14,584	<b>14,268</b>	14,584
<b>Endowments</b>					
Expendable	20	222	224	222	224
Permanent	20	50	50	50	50
<b>Total</b>		<b>272</b>	274	<b>272</b>	274
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	<b>81,670</b>	74,474	<b>81,670</b>	74,474
Pension reserve	21	<b>(24,170)</b>	(18,971)	<b>(24,170)</b>	(18,971)
Income and expenditure account including pension reserve		<b>57,500</b>	55,503	<b>57,500</b>	55,503
<b>TOTAL FUNDS</b>		<b>72,040</b>	70,361	<b>72,040</b>	70,361

The Financial Statements on pages 32 to 64 were approved and authorised for issue by the Governing Body on 24 November 2015 and signed on its behalf by:-

Professor R S Thirunamachandran

**Vice Chancellor and Principal**  
**Canterbury Christ Church University**  
**Registered company number 04793659**

Mr S Clark

**Pro-Chancellor (Chairman of the Governing Body)**

Vice Chancellor's Report and Financial Statements for the year ending 31 July 2015

## Consolidated Cash Flow Statement

For the year ending 31 July 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£000	£000
<b>Net Cash inflow from operating activities</b>	22	<b>9,287</b>	11,847
Returns on investments and servicing of finance	23	<b>(598)</b>	(1,427)
Capital expenditure and financial investment	24	<b>(7,687)</b>	(14,136)
Financing	25	<b>(1,277)</b>	9,597
<b>(Decrease)/increase in cash in the year</b>		<b>(275)</b>	5,881
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash in the year	26	<b>(275)</b>	5,881
Cash inflow from new secured loan	25	<b>(315)</b>	(10,357)
Repayment of debt finance	25	<b>1,592</b>	760
 Decrease/(increase) in net debt in year		<b>1,002</b>	(3,716)
 Net debt at 1 August		<b>(16,191)</b>	(12,475)
 <b>Net debt at 31 July</b>		<b>(15,189)</b>	(16,191)

## Notes to the Financial Statements

### 1. FUNDING BODY GRANTS

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Recurrent grants</b>		<b>£000</b>	<b>£000</b>
HEFCE		5,908	12,120
NCTL		47	1,143
<b>Total recurrent grants</b>		<b>5,955</b>	<b>13,263</b>
<b>Specific grants</b>			
HEFCE		1,015	971
NCTL		982	1,060
<b>Total specific grants</b>		<b>1,997</b>	<b>2,031</b>
<b>Deferred capital grants released in the year</b>			
Buildings	19	464	405
Equipment	19	202	424
<b>Total deferred capital grants</b>		<b>666</b>	<b>829</b>
<b>Total</b>		<b>8,618</b>	<b>16,123</b>

### 2. TUITION FEES AND EDUCATION CONTRACTS

	<u>2015</u>	<u>2014</u>
	<b>£000</b>	<b>£000</b>
Full time Students Home and European Union	68,945	59,292
Full time Students Overseas	1,927	1,843
Part time Students	7,558	6,861
<b>Total fees paid by or on behalf of individual students</b>	<b>78,430</b>	<b>67,996</b>
Education contracts	18,696	19,320
<b>Total</b>	<b>97,126</b>	<b>87,316</b>

## Notes to the Financial Statements (continued)

### 3. RESEARCH GRANTS AND CONTRACTS

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£000	£000
Research councils		25	112
UK based charities		540	378
European Commission		62	362
Other grants and contracts		682	456
<b>Total</b>		<b>1,309</b>	<b>1,308</b>

### 4. OTHER OPERATING INCOME

	<u>2015</u>	<u>2014</u>
	£000	£000
Residences, catering and conferences	10,855	10,364
Other income generating activities	7,990	6,576
Other operating income	267	400
<b>Total</b>	<b>19,112</b>	<b>17,340</b>

Other income generating activities above include consultancy fees and consultancy contracts, GOETEC Limited operations, Social work, Community and Mental Health Department, the University Centre Folkestone activities and agency staffing fees.

### 5. ENDOWMENT INCOME AND INTEREST RECEIVABLE

	<u>2015</u>	<u>2014</u>
	£000	£000
Bank interest receivable	220	119
Endowment Income	1	1
<b>Total</b>	<b>221</b>	<b>120</b>

## Notes to the Financial Statements (continued)

### 6. STAFF COSTS

All staff are employed by Canterbury Christ Church University. The average monthly number of persons (including senior post holders) employed during the year, expressed as full time equivalents, was:

	<u>2015</u>	<u>2014</u>
	Number	Number
Teaching departments	610	595
Teaching support services	225	211
Administration and central services	636	584
Premises	35	36
<b>Total</b>	<u>1,506</u>	<u>1,426</u>
	<u>2015</u>	<u>2014</u>
	£000	£000
<b>Staff Costs for the above persons</b>		
Wages and salaries	56,203	53,929
Social security costs	4,201	4,100
Other pension costs	7,187	6,712
<b>Total</b>	<u>67,591</u>	<u>64,741</u>

Included within the above are staff costs of £757k in respect of the University's targeted voluntary redundancy programme initiated in June 2013 (2014: £447k). These are reported as restructuring costs on the face of the income and expenditure account as they relate to one off voluntary redundancy expenses incurred as a result of staffing budget reductions.

#### Directors' Emoluments

The emoluments paid to the five members of the Governing Body (2014: five) accruing benefits under a defined benefits pension scheme and who are also Directors for the purposes of Company Law are shown below. No emoluments are payable for the services of a Director and therefore aggregate emoluments paid are in respect of services as members of staff:

	<u>2015</u>	<u>2014</u>
	£000	£000
Salaries	394	375
Employer's pension contributions	31	30
Health care	-	2
<b>Total</b>	<u>425</u>	<u>407</u>

## Notes to the Financial Statements (continued)

### 6. STAFF continued

	<u>2015</u> £000	<u>2014</u> £000
<b>Emoluments of the Vice Chancellor, being the highest paid director</b>		
Salary	224	183
Employer's pension contributions	17	11
	<u>241</u>	<u>194</u>
<b>Emoluments of the Acting Vice Chancellor</b>		
Salary	-	60
Employer's pension contributions	-	10
Health care contributions	-	2
	<u>-</u>	<u>72</u>
<b>Total emoluments of the Vice Chancellor</b>	<u><u>241</u></u>	<u><u>266</u></u>

The emoluments of the Vice Chancellor are shown on the same basis as for higher paid staff. Canterbury Christ Church University's pension contribution to the Universities Superannuation Scheme for the Vice Chancellor is paid at the same rate as for other staff.

The number of other Higher Paid Staff who received emoluments excluding pension contributions in the following ranges were:

	<u>2015</u> Number	<u>2014</u> Number
£100,000 to £109,999	-	2
£110,000 to £119,999	1	1
£120,000 to £129,999	-	-
£130,000 to £139,999	-	-
£140,000 to £149,999	1	-
	<u>2</u>	<u>3</u>

The number of higher paid staff in the above ranges for the prior year, 2014, has been restated to reflect the change in accounting requirements as determined by the Accounts Direction from HEFCE for 2014/15, circular 25/2014.

### 7. INTEREST PAYABLE AND OTHER FINANCE COSTS

	<u>2015</u> £000	<u>2014</u> £000
Bank loans not wholly repayable within five years	1,189	1,084
Net charge on pension scheme	(370)	489
<b>Total</b>	<u><u>819</u></u>	<u><u>1,573</u></u>

## Notes to the Financial Statements (continued)

### 8. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	<u>2015</u>	<u>2014</u>
	£000	£000
Academic departments	58,695	56,798
Academic services departments	7,701	7,635
Administration and central services	18,972	17,062
Premises (non-residential and catering operations)	11,978	11,843
Residences and catering operations	10,386	9,751
Research grants and contracts	1,534	1,351
Other expenditure	2,111	2,465
Depreciation	7,758	7,544
Interest payable and other finance costs	819	1,573
<b>Total</b>	<b>119,954</b>	<b>116,022</b>

	£000	£000
Other operating expenses include:		
Fees payable to group auditor for the audit of parent company and consolidated financial statements	62	50
Fees payable to the company's auditors and its associates for other services:		
Other – grant and pension audit	4	3
Operating lease rentals - land and buildings	6,441	6,344
Operating lease rentals - Equipment	153	173

### 9. TAXATION

The University is a registered charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 2010 (CT 2010) formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

### 10. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	<u>2015</u>	<u>2014</u>
	£000	£000
The surplus on operations for the year is made up as follows:		
Canterbury Christ Church University's operating surplus for the year	6,445	6,195
Net loss on disposals of assets	-	(318)
<b>Total surplus</b>	<b>6,445</b>	<b>5,877</b>



## Notes to the Financial Statements (continued)

### 11. TANGIBLE ASSETS

#### Consolidated and University

	<u>Note</u>	<u>Freehold Land &amp; Buildings</u>	<u>Assets under construction</u>	<u>Fixtures, Fittings and Equipment</u>	<u>Total</u>
Cost		£000	£000	£000	£000
At 1 August 2014		138,791	4,443	26,325	169,559
Additions		8	7,950	69	8,027
Assets coming into use		414	(2,657)	2,243	-
Disposals		-	-	(7)	(7)
<b>At 31 July 2015</b>		<b>139,213</b>	<b>9,736</b>	<b>28,630</b>	<b>177,579</b>
<b>Accumulated depreciation</b>					
At 1 August 2014		29,810	-	19,759	49,569
Charge for the year		4,425	238	3,095	7,758
Disposals		-	-	(7)	(7)
<b>At 31 July 2015</b>		<b>34,235</b>	<b>238</b>	<b>22,847</b>	<b>57,320</b>
<b>Net book value</b>					
At 31 July 2015		104,978	9,498	5,783	120,259
At 31 July 2014		108,981	4,443	6,566	119,990
Financed by capital grant	19	13,906	-	362	14,268
Other		91,072	9,498	5,421	105,991
<b>Total</b>		<b>104,978</b>	<b>9,498</b>	<b>5,783</b>	<b>120,259</b>

Assets under construction that have been depreciated consist of minor works completed in the year that were utilised by the University, prior to the project being fully capitalised.

#### Heritage Assets

Heritage assets held by the University consists of artwork and assets of cultural interest displayed in the University's campuses. The total estimated current value of the assets is £101,450, based on insurance replacement costs determined in August 2015. There is one work of art that was capitalised when commissioned, the portrait of Mr Michael Berry, which has been fully depreciated and is held in the asset register with a zero net book value. All other items are not being depreciated as their individual value, other than for insurance purposes, is not known.

There were no tangible assets held by the subsidiary company.

## Notes to the Financial Statements (continued)

### 12. FIXED ASSET INVESTMENTS

	<b>Consolidated</b>		
	<u>Shares/ Capital Contribution</u>	<u>Loans</u>	<u>Total</u>
	£000	£000	£000
<b>Cost</b>			
At 1 August 2014	-	-	-
At 31 July 2015	-	-	-
<b>Net book value</b>			
At 31 July 2015	-	-	-
At 31 July 2014	-	-	-
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## Notes to the Financial Statements (continued)

The subsidiary company Medco (CCCU) Limited had been dormant from July 2012. The company was reactivated and started trading as an agency for temporary staff from 1 February 2015. The results for the first six months of trading have been consolidated with the parent company's statements.

The Directors and Governing Body believe that the carrying value of the investments is supported by their underlying net assets.

### 13. STOCKS

	Consolidated and University	
	2015	2014
	£000	£000
Goods for resale	273	264
There were no goods held for resale by the subsidiary company.		

### 14. DEBTORS

	Consolidated		University only	
	2015	2014	2015	2014
	£000	£000	£000	£000
Trade debtors	5,193	6,949	5,240	6,949
Prepayments	6,389	4,341	6,389	4,341
Total	<u>11,582</u>	<u>11,290</u>	<u>11,629</u>	<u>11,290</u>

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University only	
	2015	2014	2015	2014
	£000	£000	£000	£000
Bank loans	2,686	1,559	2,686	1,559
Trade creditors	8,110	7,640	8,110	7,640
Amounts owed to group undertakings	-	-	282	450
Taxation and social security	2,401	2,361	2,401	2,361
Accruals and deferred income	9,549	15,445	9,468	15,445
Total	<u>22,746</u>	<u>27,005</u>	<u>22,947</u>	<u>27,455</u>

## Notes to the Financial Statements (continued)

Amounts owed to group undertakings are unsecured, interest free and repayable 30 days from the date of invoice.

The bank loans relate to the capital repayments for the campus and student accommodation in Broadstairs and repayment of Salix loans to support energy efficiency projects. Loan details are shown in Note 16.

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<b>Consolidated and University</b>	
	<u>2015</u>	<u>2014</u>
	£000	£000
Unsecured Loans	383	388
Secured Loans	46,312	48,711
<b>Total</b>	<u>46,695</u>	<u>49,099</u>

On 17 February 2000, Canterbury Christ Church University agreed to borrow £4.25m from Lloyds Bank Plc to develop the Broadstairs Campus. This was repayable over 25 years at Lloyds Base Rate + 0.65% for the first 5 years and secured by a first legal charge over the Broadstairs Campus land and The Priory. The rate was amended in May 2008 to Lloyds Base Rate + 0.25%.

On 22 April 2003, Canterbury Christ Church University agreed to borrow £2.85m from Lloyds Bank Plc to be used towards the building of student accommodation in Broadstairs. The loan is repayable over 30 years at Lloyds Base Rate + 0.45% and secured by a first legal charge on the student accommodation building. The rate was amended in May 2008 to Lloyds Base Rate + 0.25%.

In 21 February 2004, Canterbury Christ Church University agreed to borrow £10.1m from Lloyds Bank Plc to be used towards the development at Medway and Canterbury. The first draw down of the loan took place on 28 July 2004 and totalled £0.5m. Further draw down totalling £6.25m took place during the year to July 2005. The loan was repayable over 30 years at Lloyds Base Rate + 0.45% and was secured by a first legal charge over the Broadstairs Campus land.

On 31 August 2004, the loan facility from Lloyds Bank Plc was amended to £16.1m to cover works on Augustine House, and a further drawdown of £2m took place on 26 May 2006. The loan was repayable over 30 years and was secured by a first legal charge over the Broadstairs Campus land.

The loan facility of £16.1m was converted to a loan facility of £36m in March 2008 with a first legal charge over the Broadstairs Campus land. A fixed loan of £5m was drawn down in July 2008 with an interest rate of 5.35% for a 5 year period. A variable £12m loan was drawn down in June 2009 at Lloyds Base Rate +0.25%. A fixed loan of £5m was drawn down in July 2009 with an interest rate of 4.44% for a 5 year period. The final £5.25m was drawn down in August 2009 at Lloyds Base Rate +0.25%.

## Notes to the Financial Statements (continued)

On 2 April 2014, Canterbury Christ Church University agreed to borrow £10m from Lloyds Bank Plc to be used for the purchase of HMP Canterbury. The full amount was drawn down on 27 June 2014. The loan is repayable over 20 years with the current interest rate being variable at Lloyds 3 month LIBOR + 1.75% and is secured with a pledge over all University assets.

In 2014 the University received an interest free loan of £0.357m from HEFCE in the form of the revolving green fund. This fund is repayable over four years.

During the year to 31 July 2015 the University received further Salix Energy Efficiency loans to the value of £0.315m.

### 17. BORROWINGS

	Consolidated and University	
	<u>2015</u>	<u>2014</u>
	£000	£000
<b>Bank loans and overdrafts</b>		
Bank loans and overdrafts are repayable as follows:		
In one year or less	2,686	1,559
Between one and two years	2,901	2,607
Between two and five years	8,366	8,316
In five years or more	35,428	38,176
<b>Total</b>	<u>49,381</u>	<u>50,658</u>

### 18. PROVISIONS FOR LIABILITIES

	Consolidated and University	
	<u>2015</u>	<u>2014</u>
	£000	£000
Dilapidation provision at start of year	849	514
Charges for the year	368	342
Utilised in the year	(290)	(7)
<b>Dilapidation provision at end of year</b>	<u>927</u>	<u>849</u>

The University has provided for the potential future dilapidation costs of their leased properties spread over the period of tenancy, in line with the substance of the works required.

## Notes to the Financial Statements (continued)

### 19. DEFERRED CAPITAL GRANTS

	Consolidated and University			
	<u>Funding Council Grants</u>	<u>Other Grants</u>	<u>Total</u>	<u>2014</u>
	£000	£000	£000	£000
<b>At 1 August 2014</b>				
Buildings	8,296	6,074	14,370	14,408
Equipment	156	58	214	606
<b>Total</b>	<b>8,452</b>	<b>6,132</b>	<b>14,584</b>	<b>15,014</b>
<b>Receivable in year</b>				
Buildings	-	-	-	367
Equipment	350	-	350	32
<b>Total</b>	<b>350</b>	<b>-</b>	<b>350</b>	<b>399</b>
<b>Disposed/ Transferred in year</b>				
<b>Buildings</b>	-	-	-	-
<b>Equipment</b>	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Released in year</b>				
Buildings	243	221	464	405
Equipment	167	35	202	424
<b>Total</b>	<b>410</b>	<b>256</b>	<b>666</b>	<b>829</b>
<b>At 31 July 2015</b>				
Buildings	8,053	5,853	13,906	14,370
Equipment	339	23	362	214
<b>Total</b>	<b>8,392</b>	<b>5,876</b>	<b>14,268</b>	<b>14,584</b>

## Notes to the Financial Statements (continued)

### 20. ENDOWMENTS

	Consolidated and University			
	<u>Restricted expendable</u>	<u>Restricted permanent</u>	<u>2015 Total</u>	<u>2014 Total</u>
	£000	£000	£000	£000
<b>Opening balance at 1 August 2014</b>				
Capital	211	54	265	132
Accumulated income	13	(4)	9	20
	<u>224</u>	<u>50</u>	<u>274</u>	<u>152</u>
<b>Movement for the year to date</b>				
New Endowments	12	-	12	135
Transfer to Deferred Capital Grant	(2)	-	(2)	(3)
Expenditure	(12)	-	(12)	(10)
	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>122</u>
<b>Closing balance at 31 July 2015</b>	<u><u>222</u></u>	<u><u>-</u></u>	<u><u>272</u></u>	<u><u>274</u></u>
Represented by:				
Capital	210	54	264	224
Accumulated income	12	(4)	8	50
	<u>222</u>	<u>50</u>	<u>272</u>	<u>274</u>

The above amounts are represented by cash balances.

	<u>Expendable</u>	<u>Permanent</u>	<u>2015 Total</u>	<u>2014 Total</u>
	£000	£000	£000	£000
<b>Representing:</b>				
Specific donations	1	-	1	(1)
Scholarships / bursaries	194	37	231	209
Prize funds	27	13	40	66
	<u>222</u>	<u>50</u>	<u>272</u>	<u>274</u>

## Notes to the Financial Statements (continued)

### 21. RESERVES

<b>Income and Expenditure Reserve – Consolidated and University</b>	<u>2015</u>	<u>2014</u>
	£000	£000
Balance at 1 August	74,474	67,165
Surplus retained for the year	6,445	5,877
Add back pension deficit	751	1,432
<b>At 31 July</b>	<u>81,670</u>	<u>74,474</u>

<b>Pension Reserve</b>	<u>2015</u>	<u>2014</u>
	£000	£000
Balance at 1 August	27 (18,971)	(17,801)
Actuarial gain in respect of pension scheme - other	27 (4,448)	262
Deficit retained within reserves	(751)	(1,432)
<b>At 31 July</b>	27 <u>(24,170)</u>	<u>(18,971)</u>

### 22. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£000	£000
Surplus for the year after depreciation of tangible fixed assets at cost, disposal of tangible fixed assets and before tax and endowment transfer		6,432	5,867
Depreciation	11	7,758	7,544
Deferred capital grants released to income	19	(666)	(829)
Loss on sale of tangible fixed assets		-	318
Interest payable and similar charges	7	819	1,573
Interest receivable and similar income	5	(221)	(120)
(Increase)/decrease in stocks	13	(9)	26
Increase in debtors	14	(292)	(3,012)
(Decrease)/increase in short term creditors	15	(4,612)	145
Increase in provision for dilapidations	18	78	335
<b>Net cash inflow from operating activities</b>		<u>9,287</u>	<u>11,847</u>



## Notes to the Financial Statements (continued)

### 23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>2015</u>	<u>2014</u>
	£000	£000
Other interest received	221	114
Interest paid	(819)	(1,541)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(598)</b>	<b>(1,427)</b>

### 24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		£000	£000
Purchase of tangible fixed assets	11	(8,027)	(15,013)
Sale of tangible fixed asset		-	349
Endowments decrease	20	2	130
Payments to acquire endowment assets	20	(12)	(1)
Deferred capital grants received	19	350	399
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(7,687)</b>	<b>(14,136)</b>

### 25. FINANCING

	<u>2015</u>	<u>2014</u>
	£000	£000
Debt due beyond a year:		
New secured loan	315	10,357
Repayments of amounts borrowed	(1,592)	(760)
<b>Net cash inflow from financing</b>	<b>(1,277)</b>	<b>9,597</b>

### 26. ANALYSIS OF CHANGES IN NET DEBT

	<u>At</u> <u>1 August</u> <u>2014</u>	<u>Cash</u> <u>Flow</u>	<u>At</u> <u>31 July</u> <u>2015</u>
	£000	£000	£000
Cash at bank and in hand	34,467	(275)	34,192
Debts due in less than one year	(1,559)	(1,127)	(2,686)
Debt due after one year	(49,099)	(2,404)	(46,695)
<b>Total</b>	<b>(16,191)</b>	<b>1,002</b>	<b>(15,189)</b>

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES

The three principal pension schemes for Canterbury Christ Church University's staff are the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and the Universities Superannuation Scheme (USS). The schemes are defined benefit schemes which are contracted out of the State Earnings Related Pension Scheme.

The total pension contributions for Canterbury Christ Church University was:

	<u>2015</u>	<u>2014</u>
	£000	£000
Contributions to TPS	3,789	3,608
Contributions to LGPS	3,118	3,162
Contributions to USS	280	289
<b>Total pension contributions</b>	<u><u>7,187</u></u>	<u><u>7,059</u></u>
Percentage employers contribution to TPS as at year end	14.1%	14.1%
Percentage employers contribution to LGPS as at year end	17.5%	17.5%
Percentage employers contribution to USS as at year end	16.0%	16.0%

The assumptions and other data relevant to the determination of the contribution levels of the schemes are as follows:

	<u>TPS</u>	<u>LGPS</u>	<u>USS</u>
Latest actuarial valuations	31/03/12	31/3/10	31/3/14
Actuarial method	Prospective benefits	Projected unit	Projected unit
Investment returns per annum	8.4%	4.0%	5.2%
Salary scale increases per annum	4.75%	5.0%	RPI + 1%
Pension increases per annum	2.0%	3.0%	RPI
Market value of assets at date of last valuation	-	£2,885m	£41,604.6m
Nominal market value of assets at date of last valuation	£176,600m	-	-
Proportion of members accrued benefits covered by the actuarial value of the assets	92%	77%	89%

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

The most recent valuation of Kent's Local Government Pension Scheme at 31 March 2013 records a deficit of £784m, equivalent to a funding level of assets to liabilities of 83%.

The Teacher's Pension Scheme valuation at 31 March 2012 reported the scheme as having a notional deficit of £15.0 billion.

The latest Universities' Superannuation Scheme valuation at 31 March 2014 indicated that the scheme had a shortfall or deficit of £5.3 billion, equivalent to a funding level of assets to liabilities of 89%.

Any surplus or deficit on either scheme will be compensated for by altering the rate of contributions and in the case of USS amending the constitution of the scheme. The best estimate of employers' and employees' contributions to be paid by the University to the schemes for the year beginning 1 August 2015 is £12.2m (1 August 2014: £10.8m).

#### Teachers' Pensions Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.1%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

Because of the mutual nature of the scheme, Canterbury Christ Church University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

#### Universities Superannuation Scheme

USS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the USS actuary reviews the progress of the USS scheme.

The contribution rate payable by Canterbury Christ Church University to USS is 16% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pension costs in Canterbury Christ Church University's financial statements to be equal to the actual contributions paid during the year. In particular, the current contribution rate has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread surplus in a prudent manner over the future working lifetime of current scheme members.

Because of the mutual nature of the scheme, Canterbury Christ Church University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year.

#### Local Government Pension Scheme

The LGPS is a funded scheme and is valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the members of Kent County Council Superannuation Fund on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme.

For LGPS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations.

Under the definitions set out in FRS 17 Retirement Benefits, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified Canterbury Christ Church University's share of its assets and liabilities as at 31 July 2015.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the funds' beneficiaries. The appointment of the trustees of the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisors.

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

The material assumptions used by the actuary for FRS 17 Retirement Benefits at 31 July 2015 were:

	<u>2015</u>	<u>2014</u>
	<u>% pa</u>	<u>% pa</u>
Inflation / Pension increase	2.25	2.7
Rate of increase in salaries	4.05	4.5
Discount rate for liabilities	3.8	4.3

The post retirement mortality tables adopted were the S1PA Heavy series with a 90% multiplier, making allowance for future improvement factors in line with the medium cohort projection with a minimum improvement of 1.0% pa. Based on these assumptions, the average life expectations on retirement at age 65 are:

	<b>Males</b>	<b>Females</b>
Current Pensioners	22.5 years	24.9 years
Future Pensioners	24.3 years	26.8 years

The assets in the scheme and the expected rate of return for Canterbury Christ Church University were:

	<u>Value</u> <u>at 31</u> <u>July</u> <u>2015</u> <u>£000</u>	<u>Long term rate</u> <u>of return</u> <u>expected at 31</u> <u>July 2014</u>  <u>% per annum</u>	<u>Value at</u> <u>31 July</u> <u>2014</u>  <u>£000</u>
Equities	49,207	6.8	44,253
Gilts	753	3.4	726
Bonds	8,009	4.0	7,213
Property	8,944	5.7	6,128
Cash	1,969	3.2	1,873
Target return portfolio	3,122	5.7	2,731

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

	<b>Value at 31 July <u>2015</u></b>	<b>Value at 31 July <u>2014</u></b>
	£000	£000
<b>Total market value of assets</b>	<b>72,004</b>	62,924
Present value of scheme liabilities	(96,135)	(81,853)
Present value of unfunded liabilities	(39)	(42)
<b>Deficit in the scheme–Net pension liability</b>	<b>(24,170)</b>	<b>(18,971)</b>

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the year. For the year to 31 July 2015 the expected return was 6.2%. The actuaries no longer provide this return assigned by type of asset.

The actual return on scheme assets in the year was a loss of £6,276k (2014: 3,914k loss).

The equity investments and bonds that are held in plan assets are quoted and valued at the current bid price following the adoption of the amendments to FRS 17 Retirement Benefits.

	<b><u>2015</u></b>	<b><u>2014</u></b>
	£000	£000
<b>Reconciliation of Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	<b>81,895</b>	70,903
Current Service Cost	4,286	3,779
Interest Cost	3,615	3,493
Contributions by Members	1,240	1,131
Actuarial losses	6,276	3,914
Losses on curtailments	333	326
Estimated Unfunded Benefits Paid	(5)	(5)
Estimated Benefits Paid (net of transfers in)	(1,466)	(1,646)
<b>Closing Defined Benefit Obligation</b>	<b>96,174</b>	<b>81,895</b>

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

	<u>2015</u>	<u>2014</u>
<b>Reconciliation of Fair Value of Employer Assets</b>	<b>£000</b>	<b>£000</b>
<b>Opening Fair Value of Employer Assets</b>	<b>62,924</b>	53,102
Expected Return on Assets	<b>3,985</b>	3,004
Contributions by Members	<b>1,240</b>	1,131
Contributions by the Employer	<b>3,493</b>	3,162
Actuarial gains	<b>1,828</b>	4,176
Estimated Benefits Paid including unfunded benefits	<b>(1,466)</b>	(1,651)
<b>Closing Fair Value of Employer Assets</b>	<u><b>72,004</b></u>	<u>62,924</u>

Scheme assets do not include any Canterbury Christ Church University owned financial instruments or any property occupied by Canterbury Christ Church University.

	<u>2015</u>	<u>2014</u>
<b>Recognition in the income and expenditure account</b>	<b>£000</b>	<b>£000</b>
Current Service Cost	<b>4,286</b>	3,779
Interest Cost	<b>3,615</b>	3,493
Expected Return on Employer Assets	<b>(3,985)</b>	(3,004)
<b>Total</b>	<u><b>3,916</b></u>	<u>4,268</u>

## Notes to the Financial Statements (continued)

### 27. PENSION SCHEMES continued

<b>Amounts for the current and previous accounting periods:</b>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	72,004	62,924	53,102	42,795	39,627	36,234
Present Value of Defined Benefit Obligation	(96,135)	(81,895)	(70,903)	(66,858)	(53,563)	(50,999)
<b>Deficit</b>	<u>(24,131)</u>	<u>(18,971)</u>	<u>(17,801)</u>	<u>(24,063)</u>	<u>(13,936)</u>	<u>(14,765)</u>
Experience (Losses) / Gains on Assets	1,828	4,176	5,949	(1,891)	(1,641)	3,055
Experience (Losses) / Gains on Liabilities	-	4,050	(2)	(3)	4,696	6
<b>Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>						
Actuarial Gains/(Losses) recognised in STRGL	(4,448)	262	7,788	(9,293)	1,377	1,971
Actuarial gain in respect of pension scheme - change in assumption to CPI	-	-	-	-	-	2,545
<b>Total</b>	<u>(4,448)</u>	<u>262</u>	<u>7,788</u>	<u>(9,293)</u>	<u>1,377</u>	<u>4,516</u>

The Cumulative Actuarial Gains and Losses are based on the full available history of Actuarial Gains and Losses for the employer.

### 28. POST BALANCE SHEET EVENTS

There are no post balance sheets events to note.

### 29. CAPITAL COMMITMENTS

	<u>2015</u>	<u>2014</u>
	<b>£000</b>	<b>£000</b>
Commitments contracted at 31 July but not provided for	<u>2,697</u>	<u>3,268</u>

Contracts relate to investment in IT services and enhancements to the fabric of the buildings and infrastructure.



## Notes to the Financial Statements (continued)

### 30. FINANCIAL COMMITMENTS

At 31 July 2015, Canterbury Christ Church University had annual commitments under non-cancellable operating leases as follows:

	<u>Land and Buildings</u>	
	<u>2015</u>	<u>2014</u>
	<u>£000</u>	<u>£000</u>
Expiring in less than two years	1,653	1,024
Expiring between two and five years	86	764
Expiring in over five years	4,715	4,528
<b>Total</b>	<u><u>6,454</u></u>	<u><u>6,316</u></u>

### 31. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2015, or at 31 July 2014.

### 32. RELATED PARTY DISCLOSURES

Canterbury Christ Church University is one of five (2014: five) equal partners in GOETEC Limited, formerly Kent MAN Limited, a company formed on 1 April 2002 and limited by guarantee, maintaining telecommunications links between higher education institutions and the County Council in Kent. During the 2014-15 financial year, Canterbury Christ Church University paid GOETEC Limited £30,368 (2014: £33,075), and received £169,258 (2014: £168,678) in income. Included in Canterbury Christ Church University's creditor balance at 31 July 2015 was £280,028 (2014: £254,114) owed to GOETEC Limited.

Canterbury Christ Church University's subsidiary company, Medco (CCCU) Limited had been made dormant on 31 July 2012. The company was reactivated on 1 February 2015 and began trading as a Unitemps staffing agency, under a franchise arrangement with Warwick University Enterprises Limited. The subsidiary company was incorporated into a VAT grouping with the parent company from this date of reactivation. The subsidiary company has performed well in the six months since trading began, exceeding budget expectations. The subsidiary company's results have been consolidated with the parent company in these financial statements.

Funding council grants are disclosed on the face of the income and expenditure account, the balance sheet (for deferred capital grants) and in the relevant notes to the financial statements.

## Notes to the Financial Statements (continued)

### 33. STUDENT SUPPORT FUNDS

<b>The Education and Training Foundation Premium Graduate ITE Bursary</b>	<b><u>2015</u></b>
	<b>£000</b>
Funding Council grants	300
	<hr/>
Balance brought forward from previous year	-
Disbursed to students	(263)
<b>Balance unspent at 31 July</b>	<b><u>37</u></b>
	<hr/> <hr/>
<b>NCTL Bursaries</b>	<b><u>2015</u></b>
	<b>£000</b>
Funding Council grants	3,460
	<hr/>
Balance brought forward from previous year	37
Disbursed to students	(3,854)
<b>Balance overspent at 31 July</b>	<b><u>(357)</u></b>
	<hr/> <hr/>
<b>HEKSS Paramedic Bursaries</b>	<b><u>2015</u></b>
	<b>£000</b>
Funding Council grants	152
	<hr/>
Balance brought forward from previous year	78
Travel expenses paid to students	(39)
Disbursed to students	(222)
<b>Balance unspent at 31 July</b>	<b><u>(31)</u></b>
	<hr/> <hr/>

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