



Keele
UNIVERSITY



Statement of Accounts

2018/19

For the year ended 31 July 2019

Contents

4

Introduction from
the Vice-Chancellor

6

Strategic report

22

Corporate governance

26

Independent auditor's report to
the Council of Keele University

28

Accounts

23 Statement of comprehensive
income and expenditure

24 Statement of changes
in reserves

25 Balance sheet

26 Statement of cash flows

27 Statement of
accounting policies

35 Notes to the accounts

70

Council members and
professional partners



2nd

Ranked second in England for broad-based public universities for overall student satisfaction in the 2019 National Student Survey (NSS). This means that Keele has been ranked in the top 3 in seven of the last eight years.

97%

In the most recent national Research Excellence Framework (2014), 97% of our research was classified as world leading, or of international importance

13th

Ranked 13th globally for campus sustainability – UI Green Metric ranking 2018



Continued strong home undergraduate recruitment

Top 5

Top 5 in the Teaching Excellence Framework (TEF) – Times Higher ranking of the TEF (broad-based Universities)

96%

96% graduate employability – Higher Education Statistics Agency (HESA) Destinations of Leavers from Higher Education 2017

57th

Ranked 57th globally in the Times Higher Education University Impact Rankings 2019

Joint 1st

Joint 1st in England for student satisfaction with course – Guardian University League Table 2019





A stylized, handwritten signature in blue ink, reading 'T. McMillan'.

Professor Trevor McMillan
Vice-Chancellor, Keele University

Introduction from the Vice-Chancellor

Keele continues to be recognised for our outstanding quality of education provision and research expertise.

We began 2018/19 nominated for the Times Higher Education University of the Year award. Our research saw new heights with the award of several research grants for projects with a value of over £1 million and the creation of research partnerships with world-leading institutions and groups. In total, the university received £17.1m of research income during 2018/19. We were ranked as one of the Top 100 universities in Europe for teaching, and 8 subjects were placed in the Top 10 in the National Student Survey, showing that our students truly appreciate the quality of the education that we provide.

The university in the last twelve months continued to foster its strong partnership relationships with KeeleSU and the Keele Postgraduate Association. A partnership group has been formed to ensure that we meet regularly to discuss key issues for students and to work together to find ways to resolve them. We look forward to continuing to work closely with the students' unions and their representatives over the coming year.

This year we continued to see a rise in Home Undergraduate recruitment, seeing the largest ever intake for this group. Keele welcomed a total of 2,503 Home/EU Undergraduate first year students in 2018, marking a 2.5% increase on 2017/18. It is impressive that Keele can continue to increase its market share in this group considering increased competition from universities and a smaller pool of applicants due to a demographic dip of UK 18-year-olds. International and EU undergraduate recruitment has remained challenging, which is not unexpected in the current political climate, and this has resulted in a lower than expected Postgraduate Taught (PGT) intake. These two areas are both key strategic priorities for 2019/20, where we will be working to redevelop our portfolio to be more attractive to these student groups.

We have made exceptional progress this year in cementing working partnerships with the region, culminating in the Smart Innovation Hub within the new Denise Coates Foundation Building on campus. This building will form a hub for our regional enterprise activity, by incubating small businesses and providing space to improve our level of business and partnership development, alongside a new home for our Business School. As part of our business engagement efforts this year, we have claimed £6.3m of European Regional Development Funding (ERDF) which has enabled us to support 126 businesses and enterprises in 142 interactions, allowing the university to support local businesses and develop the local economy.

Keele remains a national leader in providing an excellent student experience, coming second in England for broad based universities in the latest National Student Survey. We have also this year secured £750k of funding from the Office for Students (OfS) to develop the student mental health and wellbeing offer in the region as part of a £2.2m project in partnership with Staffordshire University. We will continue to work hard to ensure that we offer appropriate support to our students, along with opportunities for extra-curricular activities to promote student wellbeing.

In June, we released our new strategic vision, *Our Future*, to lead us into the 2020's with a clear vision of growth and development for the university. The full strategy document can be found on the University's website. We have provided a brief evaluation of our previous strategy, *Our Vision 2020* in this report, to establish where we exceeded or fell short of our ambitions from 2015. As important as it is to look back and reflect on the previous year, we must also look forward towards the future of the university, and so included within this report is a short summary of our ambitions for the year ahead.

The latter part of the year was spent considering our long term financial sustainability. Set against the context of the release of the Augar Review and an ever-changing political outlook, in February we released a robust 3-year Financial Sustainability Plan which will ensure that the university remains a going concern for now and in years to come.

I would like to thank all of our colleagues, partners and stakeholders for a great 2018/19 and look forward to working with you for another year.

STRATEGIC REPORT

Highlights of the year

- 1 **£17.1m research funding** achieved. There were 122 research grants awarded to the University in 2018/19.
- 2 The **new Harper and Keele Vet School** was approved, including approval for a veterinary hospital on campus, and continues to work towards its first intake in 2020.
- 3 Sir David Attenborough came to Keele in May to open the **new Sir David Attenborough laboratories** within the new Huxley building extension.
- 4 The university was **awarded £750k** to work on supporting mental health as part of a £2.2m project funded by the OfS and DfE.
- 5 The University were proud to be **shortlisted for University of the Year** at the Times Higher Education Awards 2018.

THE AWARDS
2018

- 6 Keele was one of 12 institutions to achieve a **bronze Race Equality Charter Award** celebrating the university's efforts to tackle race inequality in Higher Education.



- 7 Keele **ranked 57th** in the THE World University Impact Rankings.
- 8 The university **climbed to 32nd place** in the Guardian league tables, our highest ever score, with 5 subject areas in the Top 10.

The Guardian

- 9 **Top 3** university in the National Student Survey in 7 of the last 8 years.





“This university is showing that it understands the importance of sustainability and human beings cannot go on taking from the natural world without any care.”

Sir David Attenborough



STRATEGIC REPORT

Financial Highlights

Total Income of
£168.8m

Total income – income for the year totalled £168.8m, an increase of £3m in income on 2017/18.

Surplus before other gains

Surplus before other gains/ losses –

ignoring the actuarial movement in staff costs, the consolidated operating surplus before other gains/ losses reduced slightly in 2018/19 to £3.8m from £3.9m. This includes depreciation and interest payable on loans and pensions. This was expected and primarily due to increased one-off costs and voluntary severance payments.



Cash generation

£18.5m



Cash Generation – the University ended the year with cash and cash equivalents of £18.5m.

Tuition Fee Income

£80.5m

Tuition Fee Income – tuition fee income increased slightly by £0.3m, to £80.5m. Strong Home/EU UG recruitment has offset slightly lower than expected overseas and PGT recruitment.

Staff costs



Staff costs – on-going staff costs (note 7) totalled £89m for 2018/19, equalling 53% of total income. The percentage compared to income figure has fallen compared to 2017/18.

Capital Expenditure

£31.6m



Capital Expenditure – £31.6m of capital expenditure was realised on projects including the new Central Science Laboratories (£12.1m), Smart Energy Network Demonstrator (£3.5m) and Denise Coates Foundation Building (£10.3m).

STRATEGIC PLAN – OUR VISION 2020

Evaluation of performance

The University's previous strategic plan, Our Vision 2020, has now been replaced by the development of a new university strategic vision, Our Future, which was launched in July 2019 following approval from the Council, the University's governing body.

Our Vision 2020 saw many successes over the five years of its implementation, but over the last five years the higher education landscape has changed dramatically, and therefore it is necessary to realign our aims with the changes that have occurred. This brief report outlines where the university succeeded in its aims and identifies areas where progress needs to continue.

The *Our Vision 2020* strategic plan had six strategic aims: through the implementation of the strategy it is viewed that the university achieved three of these aims and has made good progress on the other three.



Smart Energy Network Demonstrator

Achieved

Aim 2: Through the Distinctive Keele Curriculum provide outstanding discipline-based education and a unique portfolio of personal development opportunities in the context of a sector-leading student experience.

The university achieved this aim, evidenced by the success of achieving a Gold award in the 2017 Teaching Excellence Framework, maintaining consistently strong employment rates for our students, and achieving 1st or 2nd in the National Student Survey for broad-based universities in England for four out of the five years of the strategy. The university has also improved the number of work placement opportunities, and continues to provide first-class support services for its students.

Aim 4: To contribute positively to the society, economy, culture, health and wellbeing of the communities we serve.

The university has successfully developed several partnerships with industry, through the Keele University Science and Business Park to the Keele Deal framework to support local business. The university works with a range of local and national partners to support them via academic research, including the NHS and the West Midlands Police. Our students also achieve record numbers of volunteer hours to support the local community.

Aim 5: To promote environmental sustainability in all that we do.

The university achieved highly in this aim, securing almost £14m funding from the ERDF and the Department for Business, Energy & Industrial Strategy (BEIS) to develop its Smart Energy Network Demonstrator, which aims to work with researchers and energy companies to develop a living laboratory for smart energy solutions. The university is also hosting the HyDeploy project, piloting the use of hydrogen within gas energy systems to develop a low-carbon energy cycle. We have also invested in several electric vehicles for our on-campus fleet of cars and vans, and in 2019 gained planning permission for a solar and wind-farm on campus, in addition to the significant number of solar panels we already have on our buildings.

Good Progress

Aim 1: To continue building Keele as a broad-based research-led university of about 13,000 students, recognised internationally for excellence in education, research and enterprise.

Whilst the university saw excellent growth in its Home Undergraduate population over the strategy implementation period, we did not achieve targeted growth in our PGT population or in the recruitment of international students. The university is now in the process of developing detailed action plans to deliver modest growth in these areas over the next few years.

Aim 3: To deliver international excellence and impact in focused areas of research

The university has achieved highly in its aim to provide better focused and tailored support to researchers through the RalSE programme, and our recent Research Excellence Framework (REF) audit shows that the university is making good progress in developing and supporting outputs that are world-leading in quality. The university is in the process of inaugurating a new Keele Doctoral Academy to better support our Postgraduate and early career researchers and to provide comprehensive development opportunities and ensure that the university produces world-class postgraduates.

Aim 6: To transform how we work to ensure the university's development is sustainable and delivers world-leading teaching and research.

The university has benefited from significant financial investment in recent years to ensure that its built infrastructure is fit for purpose, and has improved greatly in promoting the excellence of the university and its vision to a broader audience, strengthening the Keele 'brand'. The uncertain funding environment, increasing upward pressure on costs, and fierce competition for students has created a higher education sector that is struggling financially. We have put a comprehensive plan in place to ensure that the university remains financially sustainable in the short term and into the future.



Our Future – the new vision for Keele University

During the preceding five years, the higher education sector has changed dramatically, with the removal of student numbers caps, the freezing of tuition fee costs and the increasing level of regulation from the new Office for Students making for a very different HE landscape. As such, it has become pertinent to review the university strategy to ensure that our priorities are aligned with the changes within the sector and fully demonstrate the university's key aims going forward. As such, following an extensive period of consultation with staff, students and university stakeholders, the university has now released *Our Future*, the new strategic vision to lead Keele University into the 2020's and beyond. The strategic vision is centred around five key themes, **Purpose, People, Place, Partnerships and Performance**.

The full strategic vision and supporting documents can be found on the University website at www.keele.ac.uk/discover/strategicplanandmission/

Keele 2019-20

The university continues to implement ambitious plans to improve and innovate in all aspects of the institution. In 2019, we broke ground on the building of a new hotel complex on the Science and Business Park. The building will be designed and constructed by Courtyard by Marriott and will provide on-campus accommodation for 150 guests, including a restaurant and leisure facilities. Alongside the hotel, the university is also partnering with CVS group to develop new facilities on campus to house the Harper and Keele Veterinary School, which is due to enrol its first cohort of Veterinary Science students in September 2020.

The new Keele Institute for Innovation and Teaching Excellence (KIITE) is in the process of developing a new curriculum framework which will be used to innovate several programmes at Keele over the next 12 months, ensuring that our programmes are up-to-date and utilising new and exciting pedagogical developments to fully engage and interact with our students and continue to provide them with a broad-based, research-led education.

In February 2019, the university introduced a new Financial Sustainability Plan which aims to support growth and efficiency within the university to ensure that the institution is able to support the ambitions laid out within the *Our Future* strategic vision. The Plan supports the development of seven strategic projects for the next three years until 2022, including projects to support growth in Postgraduate and International student numbers, present opportunities for income diversification and to develop efficiency in both academic and administrative processes.

2019/20 will continue to be challenging due to the Higher Education sector becoming increasingly competitive and highly regulated. We will continue to work within the conditions of the sector to ensure that we continue to provide outstanding education and research opportunities for 2019/20 and beyond.

The university has continued to keep abreast of the ongoing developments regarding the UK's planned departure from the EU (Brexit), which is due to happen in October 2019. Keele's exposure to 'Brexit' is somewhat reduced due to the small proportion of EU students and members of staff on campus in comparison with other institutions in the sector. This has therefore enabled the University to adopt a tailored approach to supporting staff and students by providing advice and guidance to those affected on an individual basis. The broader impacts of 'Brexit' and in particular a 'no deal' exit have been considered at each meeting of Council through the assessment of the University's Corporate Risk Register, and the University Executive Committee has considered detailed briefing documents at regular intervals on the topic. The uncertainty of the terms of the exit arrangement make preparations difficult for all institutions and as such we have taken steps to monitor and engage with sector guidance on the subject. The university is therefore confident that we have done all that is possible at this stage to mitigate any impact of a 'no deal' exit and that mechanisms are in place to ensure we take steps to mitigate any associated risks which may arise from a 'no deal' exit.



Ensuring that the university produces world-class postgraduates.

JAKT Photography

Going Concern

Net cash generated from operating activities for 2018/19 was £0.5m, 0.3% of turnover. There were some significant movements in certain balances, with provisions reducing by £2.1m in the cash flow and the adjustment of the non-cash pension movement in staff costs. Cash generation is an area that the University is continually looking to improve.

The amount of cash and cash equivalents on the balance sheet fell from £42.8m at 31 July 2018 to £18.5m at 31 July 2019. This was expected due to the capital expenditure through 2018/19 with the two major projects (Central Science Laboratories and Smart Innovation Hub) having substantial works completed in the year.

A significant proportion of the £39.5m fixed asset investments are invested in liquid funds that could be available to the University at short notice. The three year budget for 2019/20 to 2021/22 and forecasts for the subsequent two years show that the University will continue to generate a surplus and have adequate available financial and cash resources. Additionally, the majority of the University's external loan funding of £71m is long term in nature.

The University Council is confident that the University has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signature of these financial statements.

Trade Union Representation time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. The regulations provide a framework for open and transparent monitoring and for demonstrating the effective use of taxpayer's money. The data below covers the relevant period of 1 April 2018 to 31 March 2019.



Major investment of

£48million

on the new Central Science Laboratories and Smart Innovation Hub

Relevant Union Officials



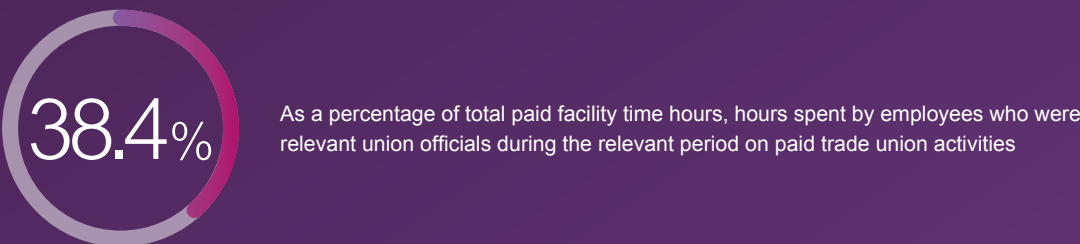
Percentage of time spent by Relevant Union Officials on facility time



Percentage of pay bill spent on facility time



Paid trade union activities



Gender Pay Gap

Building on the University's founding principles, our commitment to promoting equality and valuing diversity is at the centre of our efforts to ensure that all staff and students have the opportunity to flourish and fulfill their potential. In recent years the University has carried out an annual Equal Pay Analysis across our pay grades which demonstrates that there is no pay inequality within our Pay Grading Structure, i.e. we pay men and women equally for work at the same level. However, there is work to do in addressing our Gender Pay Gap which exists, not because of an equal pay failure, but due to issues relating to the composition of the workforce.

Keele's Gender Pay Gap is biased towards men. The gender pay gap includes every worker and employee; from frontline operational staff to members of the executive team. The composition of our workforce is therefore a key factor in understanding our gender pay gap. Put simply, we have more men in senior professorial roles and more women in administrative and operational positions.

While the gap reflects broader societal trends and career choices that disproportionately impact on women, we choose not to be complacent and use this to justify our gap. We recognise that we have a responsibility to address workplace barriers to gender equality and have an action plan in place which runs to 2021.

Since September 2005 the University has been a Member of the Athena SWAN Charter. The University and its Schools continue to strive towards higher levels of award recognition. Keele University is committed to the principles of the Athena SWAN Charter and values equality and diversity across its workforce. The University sees membership of the Charter as working towards sustaining equitable working environments enabling universities to identify themselves as employers of choice, not only to their staff, but to students, stakeholders, research councils and industry. Keele University currently holds an institutional Athena SWAN Bronze award, 2 departmental Silver awards and 9 departmental Bronze awards.

A full gender gap report can be found on the University website, together with other equality, diversity and inclusion reports.

Ethical Investment Code of Practice

Keele University's Ethical Investment Code of Practice aims to ensure that its investments are managed in a productive but socially responsible manner which reflects the mission and values of the University. It is based on the premise that the University's choice of where to invest should be in line with its strategic aims and its environmental, social and ethical values. The Business Review Committee, on behalf of Council, will actively monitor and take a view on the ethical position of the University's investments. In particular, the Committee may advise against investment in areas which it considers to be ethically unacceptable.

Public Benefit Statement

Keele University is an exempt charity. In respect of the Charity Commission's guidance on public benefit, the Council has highlighted some of the ways in which the University has had a positive impact on society during 2018-19.

As the University celebrates its 70th anniversary, our founding ethos of "the pursuit of truth in the company of friends" remains as true today as it did in 1949, and the initiatives included here are testament to our original mission and values.

Ensuring
that all staff
and students
have the
opportunity
to flourish and
fulfill their
potential.





Keele's
research
continues
to make
headlines
and benefit
lives the
world over.



€4m

Keele's Professor Maria Heckl has been awarded a €4million grant to support the development of emerging technology solutions that could replace fossil fuels and provide low-carbon energy solutions

Research that improves lives

Here are just a few examples of the world-class initiatives that we're leading.

Keele's Professor Maria Heckl has been awarded a €4million grant to support the development of emerging technology solutions that could replace fossil fuels and provide low-carbon energy solutions for combustion engines, reducing carbon emissions world-wide. The grant was awarded by Horizon 2020, the largest-ever European funding programme for research and innovation.

Professor Mamas Mamas was named as one of the UK's Top 100 Health Pioneers in the UK in Universities UK's MadeAtUni campaign, recognising his work to implement innovative cardiology procedures that are currently being performed around the world.

Recent advancements led by Professor Mamas and his colleagues at Keele and University Hospitals North Midlands NHS Trust include techniques for sheathless Percutaneous Coronary Intervention (PCI), a nonsurgical procedure that improves blood flow to the heart, as well as analysis of national and international datasets of electronic healthcare records of up to six million patients to inform best practices for patients undergoing such procedures. His research, which found better patient outcomes when PCI procedures were undertaken through the patient's wrist rather than their groin, also saves the NHS an estimated £20 million a year by reducing complications and aftercare costs, and avoiding immobilisation of patients.

Keele has also been awarded a major grant of £2.4million from the National Institute for Health Research (NIHR) to investigate the overprescribing of opioid painkillers, and to improve care for patients with persistent pain – without the use of long-term opioids. The research will help people with persistent (long-term) pain caused by a range of conditions, including osteoarthritis and back pain, and aims to improve patient safety by reducing inappropriate opioid use and improving the quality of life for people with persistent pain.



£2.4m

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£1.1m

Professor Bruce also continued his £1.1million research project – to investigate solutions to the rising problem of the fall armyworm

Professor Mamas Mamas was named as one of the UK's Top 100 Health Pioneers in the UK in Universities UK's MadeAtUni campaign

Research led by Keele University is addressing the gap in knowledge and misunderstandings from healthcare professionals on human papillomavirus (HPV). HPV is the main cause of cervical cancer, and research led by Keele's Dr Sue Sherman found that a quarter of the 643 health care professionals surveyed thought that HPV always required treatment, when in actual fact it doesn't, and that close to a quarter surveyed were unaware or unclear about how common HPV is. Dr Sherman, who specialises in the public awareness and psychological impact of issues surrounding cervical screening and HPV, says the gap in knowledge from healthcare professionals needs to be addressed so misunderstandings are not passed on to the public, causing a further reduction in screening attendance.

Keele has been involved in pioneering research into a rare type of heart failure, alongside colleagues from Oxford, Cambridge and Manchester universities. Professor Carolyn Chew-Graham is part of the team working on the "Optimise HFpEF" study – researching methods to help medical professionals treat people with a rare heart condition known as HFpEF (heart failure with preserved ejection fraction). There is currently very little evidence on how to manage patients with this condition, who tend to be older, have other physical conditions such as diabetes, and also tend to have worse outcomes compared to patients with the second type of heart failure (with reduced ejection fraction). The overall aim of the project is to develop an optimised programme of management for patients with HFpEF that addresses comorbidities, self-management including lifestyle factors, burden of treatment, and transitions in care.

Professor Toby Bruce secured a full government inquiry into the role that science can play in tackling issues of food security and biodiversity. Professor Bruce made the case to Parliament that an inquiry should be held into food security, the environment and crop protection, with the government's Science and Technology Committee announcing that they would incorporate this into an inquiry into the role of science and technology in addressing challenges to food security and biodiversity. Professor Bruce also continued his £1.1million research project – funded via the Biotechnology and Biological Sciences Research Council – to investigate solutions to the rising problem of the fall armyworm, in collaboration with the International Centre of Insect Physiology and Ecology (icipe) in Kenya.



Over

7,000

students live on or within a
ten-mile radius of campus



Education and the Student Experience

The student community at Keele is varied and diverse. Keele recruits from across the UK and across the world as well as locally, with approximately 40% of our students coming from the West Midlands. During term time, over 7,000 students live on or within a ten-mile radius of campus, having a significant impact on the local community. Their wide-ranging interactions with the community, both on and off-campus, through their studies, their residency and activities such as volunteering, enrich both their experience and the companies, institutions and individuals with whom they interact. In fact, last year our students collectively donated 24,773 hours of their time to support local causes.

Keele has continued to affirm its reputation as a leading institution in the UK, ranking highly among prestigious UK universities in the latest league tables. This year's Guardian University Guide for 2020 saw Keele named as the 2nd best place in England to study Medicine, ranking behind only Oxford, and ranked 3rd in England to study Politics, behind only Oxford and Cambridge.

Other league tables have also recognised the teaching excellence on offer at Keele, with the latest Complete University Guide ranking three Keele courses in the UK Top 10. Forensic Science has climbed to an impressive second place in the UK in the 2020 edition of the guide while Medicine has climbed to 8th and Nursing 9th.

Overall, Keele was ranked 2nd of all broad-based English universities in this year's National Student Survey, the seventh time in eight years that the University has been ranked in the Top 3 in England. Keele Students' Union also achieved Top 10 status in the rankings, maintaining its consistently high performance. Along with the Teaching Excellence Framework Gold award this highlights the breadth and quality of Keele's educational provision and student experience, producing graduates who have subject expertise and the skill sets that they need to make a difference to society.

A regional partnership led by Keele has also been awarded £750,000 from the Office for Students (OfS) to develop an integrated community approach to mental health and wellbeing for students in further and higher education. The funding is part of a £2.2m project in collaboration with Staffordshire University and NHS partners, and forms part of a new programme to find innovative ways to combat a sharp rise in student mental health issues and spark a step-change in student support across the country.



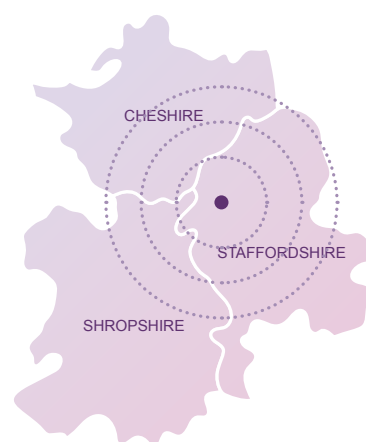
Widening Participation

As a University that was founded on the principles of widening participation, Keele has always placed great importance on supporting underrepresented groups, both pre and post entry.

Keele is also the lead institution for Higher Horizons+, one of the largest consortia in the Government-funded National Collaborative Outreach Programme and the premier provider of HE outreach in Cheshire, Shropshire and Staffordshire. Keele oversees four outreach hubs at Keele, Staffordshire University, the University of Chester, and Harper Adams University, with 32 members of staff dedicated to producing and delivering rich and impartial activities to over 100 schools and colleges across the region. In the academic year 2018/19 the consortium delivered almost 700 events and activities, and generated over 34,000 learner interactions with 74% of learners engaged coming from quintile 1 and 2 postcode areas, which are areas with the lowest rate of participation in higher education in the UK.

A number of initiatives have been rolled out at the University this year as part of our commitment to widening participation, including Keele's pledge to support a joint report by the National Union of Students and Universities UK which aims to eliminate the black, Asian and minority ethnic (BAME) student degree attainment gap. The "Closing the Gap" report identified that there is currently a 13% gap between the likelihood of white students and students from BAME backgrounds getting a 1st or a 2:1 degree classification, and looks at how we can further accelerate progress in eliminating the attainment gap.

The University's work towards widening participation and equal opportunities for all was further exemplified by a Bronze award given to Keele by the Race Equality Charter, in recognition of its commitment to tackling race equality in the Keele community and in higher education more broadly.



Business Engagement

In the academic year 2018/19, Keele University supported 212 local businesses with innovation-led growth, research and development support, and a leadership programme for entrepreneurs and innovators across Stoke-on-Trent and Staffordshire, via the University's landmark New Keele Deal.

The Keele Deals are testament to the commitment that Keele has to the local area and have been praised by the UK Government. The *New Keele Deal*, a £70 million investment by a number of partners, will generate significant long-term economic growth for the region, create high-value jobs, and provide opportunities for students and graduates to gain experience working in growing and innovative businesses. The Deal, a concordat of local partners – including University Hospitals of North Midlands NHS Trust (UHNM), Staffordshire County Council, Stoke-on-Trent City Council, Newcastle-under-Lyme Borough Council and the Stoke-on-Trent and Staffordshire Local Enterprise Partnership – is building on £200m+ of annual gross value added (GVA) and 4,800 high-value jobs already provided by the direct economic impact of the University to the community, and enabling the University to contribute an extra £210m per year on top of this as a result of the Deal.

Furthermore, the *Keele Deal Culture* is set to boost the local creative economy by £36 million.

This year has also seen the development of a multi-million-pound state-of-the-art facility that will house both Keele Business School and incubated companies in a sector-leading Smart Innovation Hub. The Smart Innovation Hub will provide accommodation to support the creation and growth of innovation-led businesses, alongside major new facilities to enable the University to grow its established programme of collaborative research, development and innovation support to local firms.

Keele's place as a civic anchor was further cemented by a commitment to produce a "Civic University Agreement" in partnership with the local government and other major institutions.

New Keele Deal is a

£70million

investment by a number of partners

£200m+

annual gross value added (GVA)

4,800

high-value jobs already provided by the direct economic impact of the University to the community, and enabling the University to contribute an extra £210m per year on top of this as a result of the Deal.

Keele Deal Culture is set to boost the local creative economy by

£36million



Healthcare

The University has a considerable impact upon society in the area of medicine and healthcare through our research, education and citizenship activities, as well as membership of trust and national advisory boards, charity work, and volunteering.

Development of medical technologies, interventional approaches, the patient experience and service design and delivery are just some of the research activities undertaken which impact positively at a local, national, and international level.

The University has just over 2,000 undergraduate students studying professional programmes in the areas of medicine, midwifery, nursing, pharmacy, physiotherapy and radiography who are engaged in direct service delivery and patient care during their clinical placements. This experience takes place within over twenty NHS trusts, 100 GP practices, and over 200 private, voluntary or independent providers, and spans the whole of the west midlands, Cheshire, Liverpool, Wales and as far away as Kent and Durham.

Keele students also undertake placements around the world in both a voluntary capacity or as a planned student exchange, having a global impact on health.



Over

2,000

undergraduate students studying professional programmes in the areas of healthcare

Sustainability

One of Keele's six strategic aims is to "embed sustainability in everything we do" and our vision is to be an international leader in campus sustainability encompassing activity across all aspects of the University estate and operations, our business activities, our engagement with the wider community, and in our core areas of education and research.

This year has seen significant progress in some major campus-wide sustainability projects such as our Smart Energy Network Demonstrator, HyDeploy (a trial to add hydrogen to our gas grid), and saw the launch of our new interdisciplinary research institute, the Institute for Sustainable Futures.

These initiatives will also allow the University to further develop its unique position as a campus which is on the scale of a small-town and that includes educational, research, residential and business communities, to be a genuine "living laboratory" where we can develop and test innovative sustainability solutions which can ultimately be introduced to wider society.

The Root and Branch campaign launched last year has also helped the University launch further campus sustainability initiatives and communicate the benefits to everybody across our campus community and beyond.

Notable achievements this year include:

- We were one of the first UK universities to declare a "climate emergency" alongside the UK Government.
- We announced an ambitious target of becoming carbon neutral by 2030, in line with the major renewable and low carbon projects happening on campus such as the SEND network and HyDeploy projects. These will dramatically reduce carbon emissions from the campus itself and support innovative research into low carbon energy.
- For a third successive year Keele was ranked in the global Top 20 for sustainability in the latest UI Green Metric World University rankings, and also ranked No.1 in the UK for its green setting and campus infrastructure.
- We were named as one of the Top 30 universities in Europe for our social and economic impact in the 2019 Times Higher Education University Impact Rankings.
- Keele was shortlisted for a record six categories at the Green Gown Awards which celebrate sustainability in higher education, which is testament to the University's dedication to sustainability.
- Close to 100% of our undergraduate programmes integrate opportunities to explore related sustainability challenges.
- Continued reduction in electricity use (6.4%) and CO2e emissions (26.1%) since 2015/16.
- In the last two years the warp-it reuse furniture scheme has saved ten tonnes of CO2, five tonnes of waste, and £23,000 in procurement and disposal costs.
- Students donated 2.5 tonnes of food to the local Trussell Trust Foodbank as part of the 2019 Great Donate scheme. Over the last six years Keele students have donated approximately 10 tonnes of food in total equating to 23,200 meals.
- Continued growth in our National Cherry Tree Collection – the largest in the UK – to 280 varieties, and continued integration of the Keele arboretum and grounds into well-being, curriculum and outreach activities for students and the local community.





Professor T J McMillan
Vice-Chancellor



D Hall
Treasurer

November 2019

CORPORATE GOVERNANCE

Statement

The following statement is provided to enable readers of the Annual Review and Statement of Accounts of Keele University to obtain a better understanding of its governance and legal structure. It covers the period 1 August 2018 to 31 July 2019 and up to the date of approval of the audited financial statements.

Legal Status of the University

Keele University is an independent corporation and is the successor to the University College of North Staffordshire, founded in 1949. The University derives its legal status from the Royal Charter granted in 1962 (as subsequently amended) and the status of its degrees is recognised by the University of Keele Act 1962. Like many English universities, the University is a charity exempt from registration with the Charity Commission and the Office for Students (OfS) is the principal charity regulator for the University. This means that members of the Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations.

How the University is governed

The University is committed to exhibiting best practice in all aspects of corporate governance. The University, like other public bodies, has a duty to conduct its affairs in a responsible and transparent way and to take into account the requirements of its funding bodies and the Higher Education Code of Governance published by the Committee of University Chairs (CUC). The University also conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The CUC Code was revised and published in December 2014 and the University is confident that it has in place the primary elements of the Code and that it meets the supporting statements that underpin the primary elements. The University is also committed to the principles of academic freedom and equality of opportunity in its approach to governance.

The University has a responsibility to ensure that slavery and human trafficking are not taking place in our business or in our supply chains. Our Modern Slavery and Human Trafficking Statement can be accessed on our website at: [keele.ac.uk/modern-slavery](https://www.keele.ac.uk/modern-slavery)

In line with CUC guidance and sector best practice, the University commissioned a review of Council effectiveness during the 2017/18 financial year, which was undertaken by the Leadership Foundation for Higher Education. The review concluded that the Council and governance generally was sector leading in a number of areas, for example, board culture, the streamlined and effective approach to decision-making, secretariat support, the Chairing of meetings, briefings on the wider HE policy landscape and a shared commitment and endeavour from members and the executive to ongoing improvements in University governance.

In June 2017 HEFCE completed a quinquennial Assurance Review of the University to examine how the University exercises accountability for the public funding it receives. The report was based on the most recently submitted annual accountability returns, the minutes of Council, the Business Review Committee and Audit & Risk Committee meetings in the 12 months prior to the Review and interviews with members of the Council and the executive. HEFCE concluded that it was able to place reliance on the University's accountability information and made only minor observations in respect of our reporting.

The University's Corporate Governance Framework

The University's powers and framework of governance are set out in the Charter, its supporting Statutes, Ordinances and Regulations. These currently require the University to have two separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

- **The Council** is the supreme governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. Council members are sometimes referred to as the Trustees of the University. The Council has a majority of members from outside the University (described as lay members), from whom its Chair and Deputy Chairs must be drawn. Members also include representatives of the University's academic and support staff and student body. For a full list of Council members who have served during the last year see the final page of this report.
- **The Senate** is the academic authority of the University and draws its membership entirely from the academic and academic related staff and the students of the institution. Its role is to regulate and superintend the education, welfare and discipline of students and the promotion of learning and research. The Vice-Chancellor is the Chair of the Senate. A light-touch review of its effectiveness was also undertaken during 2017/18, alongside the review of Council.

The University undertook a comprehensive review of the committee structure and business in 2014/15. The purpose of the review was to promote a more agile decision-making structure and to maximise efficiency and to ensure that the University was well positioned to respond proactively to changes in the dynamic external environment. A number of committees were discontinued or merged and these changes took effect from the beginning of the 2015/16 academic year. In 2017/18, two new executive committees with responsibility for Health & Safety and Equality, Diversity & Inclusion were established with lay representation.

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the OfS Regulatory Framework for Higher Education in England, the Vice-Chancellor is the Accountable Officer of the University.

The Council met five times during 2018/19, held a joint meeting with the Senate and had a strategy day. The Council has a number of committees, which undertake a lot of the detailed scrutiny on behalf of the Council and their decisions are reported back to the Council and, where relevant, the Senate. All committees are formally constituted with written terms of reference and have majority lay member representation.

The Council approved a new University Strategy 'Our Future' in May 2019, which is articulated through five strands: Purpose, Performance, People, Place and Partnerships. A new set of key performance indicators have been developed and a comprehensive review of the Corporate Risk Register is being undertaken in line with the new Strategy and will be reviewed by the Council at each meeting from September 2019 onwards.

Council Committees

The Business Review Committee provides detailed scrutiny on behalf of the Council on matters concerning the operation and financial sustainability of the University. It receives and recommends approval to the Council of the draft budget, financial forecasts and statutory accounts, monitors financial performance against agreed plans and budgets, receives reports on the University's wholly-owned subsidiary companies and monitors the University's portfolio of investments.

The Nominations Committee considers appointments to the Council and its committees taking into account skills and experience and seeking to ensure the promotion of equality and diversity in reflecting both the diversity of society and the needs of the University. The University, in accordance with guidance based on the Lambert Report, normally advertises vacancies nationally against defined person specifications. The Nominations Committee is also responsible for identifying members of the College of Fellows and candidates for honorary degrees. In 2017/18 responsibility for nominations for honorary degrees transferred from the Nominations Committee to a new Honorary Degrees Committee, reporting to both the Senate and the Council.

The Senior Remuneration Committee determines the remuneration of the most senior academic and academic related staff, including the Vice-Chancellor. The University adopted the CUC HE Senior Staff Remuneration Code, which was published on 6 June 2018 and demonstrates Council's leadership and stewardship in seeking to protect the University's reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.

The Audit & Risk Committee meets at least three times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. The Audit & Risk Committee undertakes an annual appraisal of its effectiveness and prepares an Annual Report for both Council and the OfS. It also receives and considers reports from the OfS as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit & Risk Committee, they are not members of the Committee and the Committee members meet both the Internal and External Auditors on their own for independent discussions at least once a year.

Statement of Primary Responsibilities – The Role of Council

The appointment and powers of the Council are laid down by the Charter and Statutes of the University. Its main general responsibilities are as follows:

- 1 To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 2 To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
- 3 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- 4 To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 5 To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
- 6 To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 7 To safeguard the good name and values of the institution.
- 8 To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 9 To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 10 To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
- 11 To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
- 12 To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- 13 To ensure, subject to the relevant legislation, that appropriate arrangements are in place for the management and operation of such companies as are wholly or partly owned by the University.
- 14 To accept ultimate responsibility for the health and safety of employees, students and other individuals while they are on the institution's premises and in other places where they may be affected by its operations. And to ensure that the institution has a written statement of policy on health and safety and arrangements for the implementation of that policy.
- 15 To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
- 16 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
- 17 To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Preparation of the Financial Statements

In accordance with the University Statutes, the Council is responsible for governing, managing and regulating the finances, accounts, investments, property, business and all affairs whatsoever of the University and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms of the OfS's Regulatory Framework for Higher Education in England. The Council, through its accountable officer, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, Council 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;
- financial statements are prepared on the going concern basis.

The Council has taken reasonable steps to:

- ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the Regulatory Framework for Higher Education in England and any other conditions which it may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure;
- ensure that material risks are identified, carefully considered and properly managed and that appropriate risk management procedures and processes are in place across the University.

Risk Management and the System of Internal Control

As the governing body of Keele University, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which the University is responsible in accordance with the responsibilities assigned to the governing body in the University's Charter and Statutes and in the OfS's Regulatory Framework for Higher Education in England. 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 on-going 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. The University has reviewed and updated its risk management procedures, which continue to enable it to be fully compliant with OfS requirements.

The University has a published Risk Management Policy, which was approved by the Council in June 2011 and reviewed and updated in November 2011 and November 2015. This policy identifies clearly and distinguishes the roles and responsibilities of both the Council and the executive. A key element of the policy is the Corporate Risk Register, which is intrinsically linked to the University's Strategic Plan. Progress against the six strategic aims in the 2015-2020 Strategic Plan were presented to the Council at each meeting in 2018/19 along with the key performance indicators and a review of the Corporate Risk Register. The Corporate Risk Register was also reviewed by the Audit & Risk Committee at each meeting. As previously noted, the new University Strategy, key performance indicators and Corporate Risk Register will be reviewed by Council from September 2019 onwards.

The University employs UNIAC to undertake its internal audit functions and they operate to standards defined in the OfS Audit Code of Practice. The internal auditors submit regular reports to the Audit & Risk Committee, including the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Chair of Audit & Risk Committee provides the Council with regular reports concerning internal control.

The Council's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and 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 and other reports.

Value for Money

The University strives to apply value for money considerations to all its processes and activities and this is supported by strong awareness and vigilance across the executive. The Council and the Audit & Risk Committee have adequate and effective arrangements in place to ensure value for money in accordance with the OfS's Regulatory Framework for Higher Education in England. The Audit & Risk Committee also receives a comprehensive report on the Transparent Approach to Costing (TRAC) analysis undertaken by the University and submitted to the OfS in January of each year. In addition, all relevant internal audit review undertaken and submitted to the Audit & Risk Committee makes specific observations and judgements concerning the value for money demonstrated.

Register of Interests

The University maintains a Register of Interests of members of the Council and the executive, which may be consulted by arrangement with the Secretary to the Council. Lay members of the Council receive no remuneration for their role although they are reimbursed for travelling and other expenses incurred in attending Council and Committee meetings and other University business in their official capacity. The total sum of expenses claimed by members of the Council for the year to 31 July 2019 was £6,330 to 10 members (2018: £10,771 to 11 Council members).



Further Information

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

INDEPENDENT AUDITOR'S REPORT TO THE

Council of Keele University

Opinion

We have audited the financial statements of Keele University ("the University") for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2019 issued by the Office for Students, other than where the University has applied the allowance to early adopt the requirements of paragraph 12(d) of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Council is responsible for the other information, which comprises the Strategic Report and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council responsibilities

As explained more fully in the "Preparation of the Financial Statements" section of the Corporate Governance statement set out on page 24, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by the Office for Students and Research England have been applied in accordance with these conditions and the terms and conditions attached to them

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council, in accordance with of the Charters and Statutes of the institution and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Robert Jones

For and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants,
1 St Peters Square,
Manchester M2 3AE

Accounts

JAKT Photography

ACCOUNTS

Statement of Comprehensive Income and Expenditure

Consolidated and University Statement of Comprehensive Income and Expenditure ("SOCI"), Year Ended 31 July 2019

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
INCOME					
Tuition fees and education contracts	1	80,460	80,460	80,201	80,201
Funding body grants	2	22,370	22,370	25,795	25,795
Research grants and contracts	3	17,079	17,079	17,777	17,777
Other Income	4	38,501	38,651	39,731	39,617
Other Income – capital income	4	8,389	8,389	-	-
Investment Income	5	1,765	1,880	2,051	2,096
Donations and endowments	6	280	280	290	290
Total Income		168,844	169,109	165,845	165,776
EXPENDITURE					
Staff costs – pay (including Voluntary Severance)	7	93,658	93,658	90,499	90,499
Staff costs – actuarial movement	7	39,327	39,327	(2,446)	(2,446)
Other operating expenses	8	59,022	58,930	59,382	59,031
Depreciation	12	7,852	7,755	7,673	7,576
Interest and other finance costs	9	4,547	4,547	4,383	4,383
Total expenditure	10	204,406	204,217	159,491	159,043
Surplus before other gains/ losses and share of operating (deficit)/surplus of joint ventures		(35,562)	(35,108)	6,354	6,733
(Loss) / Gain on disposal of tangible assets		(87)	(87)	1,264	1,264
Gain on investment property	12	650	650	500	500
Gain on investments		1,252	1,252	461	461
(Deficit) / surplus before tax		(33,747)	(33,293)	8,579	8,958
Taxation	11	-	-	-	-
(Deficit) / surplus for the year		(33,747)	(33,293)	8,579	8,958
OTHER COMPREHENSIVE INCOME AND EXPENDITURE					
Actuarial (loss) / gain in respect of pension schemes	30	(711)	(711)	397	397
Total comprehensive income and expenditure for the year		(34,458)	(34,004)	8,976	9,355
Represented by:					
Endowment comprehensive income for the year	22	69	69	25	25
Restricted comprehensive income for the year	23	-	-	(209)	(209)
Unrestricted comprehensive income for the year		(34,527)	(34,073)	9,160	9,539
		(34,458)	(34,004)	8,976	9,355

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 20 to 71 form part of these financial statements.

Consolidated and University Statement of Changes in Reserves, Year Ended 31 July 2019

	Income and expenditure account			
	Endowment	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000
CONSOLIDATED				
Balance at 1 August 2017	1,048	209	147,157	148,414
Surplus for the year from the income and expenditure statement	25	5,372	3,182	8,579
Other comprehensive income and expenditure	-	-	397	397
Release of restricted funds spent in year	-	(5,581)	5,581	-
Total comprehensive income for the year	25	(209)	9,160	8,976
Balance at 1 August 2018	1,073	-	156,317	157,390
Deficit for the year from the income and expenditure statement	69	-	(33,816)	(33,747)
Other comprehensive income and expenditure	-	-	(711)	(711)
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	69	-	(34,527)	(34,458)
Balance at 31 July 2019	1,142	-	121,790	122,932
	Income and expenditure account			
	Endowment	Restricted	Unrestricted	Total
	£'000	£'000	£'000	£'000
UNIVERSITY				
Balance at 1 August 2017	1,048	209	145,556	146,813
Surplus for the year from the income and expenditure statement	25	5,372	3,561	8,958
Other comprehensive income and expenditure	-	-	397	397
Release of restricted funds spent in year	-	(5,581)	5,581	-
Total comprehensive income for the year	25	(209)	9,539	9,355
Balance at 1 August 2018	1,073	-	155,095	156,168
Deficit for the year from the income and expenditure statement	69	-	(33,362)	(33,293)
Other comprehensive income and expenditure	-	-	(711)	(711)
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	69	-	(34,073)	(34,004)
Balance at 31 July 2019	1,142	-	121,022	122,164

See note 22 for endowment reserves and note 23 for restricted reserves.

Consolidated and University Balance Sheet

		Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated	University	Consolidated	University
	Notes	£'000	£'000	£'000	£'000
NON-CURRENT ASSETS					
Tangible assets	12	279,106	276,079	264,406	261,282
Investment Properties	12	9,400	9,400	8,750	8,750
Heritage assets	12/13	12,116	12,116	12,116	12,116
Investments	14	39,448	39,448	39,900	39,900
Investments in joint venture	15	-	-	-	-
		340,070	337,043	325,172	322,048
CURRENT ASSETS					
Stock	16	15,387	186	7,144	196
Trade and other receivables	17	17,773	30,512	15,959	20,695
Cash and cash equivalents	25	18,467	18,414	42,747	42,372
		51,627	49,112	65,850	63,263
Less: Creditors: amounts falling due within one year	19	50,830	49,362	48,584	47,821
Net current assets / (liabilities)		797	(250)	17,266	15,442
Total assets less current liabilities		340,867	336,793	342,438	337,490
Creditors: amounts falling due after more than one year	20	(120,957)	(117,651)	(126,181)	(122,455)
Provisions					
Pension provisions	21	(96,422)	(96,422)	(56,181)	(56,181)
Other provisions	21	(556)	(556)	(2,686)	(2,686)
Total Net Assets		122,932	122,164	157,390	156,168
RESTRICTED RESERVES					
Income and expenditure reserve – endowment reserve	22	1,142	1,142	1,073	1,073
Income and expenditure reserve – restricted reserve	23	-	-	-	-
Unrestricted reserves					
Income and expenditure reserve – unrestricted reserve		121,790	121,022	156,317	155,095
Total Reserves		122,932	122,164	157,390	156,168

The financial statements were approved by the Governing Body on 21 November 2019 and were signed on its behalf on that date by:

T. J. McMillan, Vice-Chancellor

Dame J. Williams, Chair of Council

P. W. Buttery, Director of Finance

D. Hall, Treasurer

Consolidated Statement of Cash Flows, Year Ended 31 July 2019

	Notes	31 July 2019 £'000	31 July 2018 £'000
CONSOLIDATED			
Cash flows from operating activities			
(Deficit) / surplus for the year		(33,747)	8,579
Adjustment for non-cash items			
Depreciation	12	7,852	7,673
Impairment of Tangible Assets	12	270	-
Gain on investment property	12	(650)	(500)
Gain on investments		(1,252)	(461)
Decrease / (increase) in stock	16	348	(1,482)
Increase in debtors		(599)	(296)
Decrease in creditors		(523)	(4,396)
Pension movements included in staff costs	7	39,327	(2,446)
Interest payable on pension schemes	9	1,443	1,418
KSS deficit contributions paid	30	(1,240)	(1,140)
(Decrease) / increase in other provisions		(2,130)	1,886
Adjustment for investing or financing activities			
Investment Income	5	(1,765)	(2,051)
Interest payable (including loan interest)	9	3,104	2,965
Endowment income	6	(179)	(178)
Loss / (gain) on sale of tangible assets		87	(1,264)
Capital grant income		(9,825)	(5,372)
Cash flows from operating activities		521	2,935
Taxation		-	-
Net cash inflow from operating activities		521	2,935
Cash flows from investing activities			
Proceeds from sales of tangible assets		32	3,534
Capital grant receipts		8,254	6,332
Disposal of non-current asset investments		7,272	8,319
Investment income		1,797	2,045
Payments made to acquire tangible assets		(31,701)	(19,437)
New non-current asset investments		(5,568)	(7,306)
		(19,914)	(6,513)
Cash flows from financing activities			
Interest paid		(3,104)	(2,449)
Endowment cash received		179	178
New loans		-	45,000
Repayments of amounts borrowed		(1,962)	(5,884)
		(4,887)	36,845
(Decrease) / increase in cash and cash equivalents in the year		(24,280)	33,267
Cash and cash equivalents at beginning of the year	25	42,747	9,480
Cash and cash equivalents at end of the year	25	18,467	42,747

ACCOUNTS

Statement of Accounting Policies

For the year ended 31 July 2019

1. General information

Keele University is registered with the Office for Students in England. The address of the registered office is Keele, Staffordshire, ST5 5BG.

2. Statement of compliance

The Consolidated and University financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2015. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

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

3. Basis of preparation

The Consolidated and University financial statements have been prepared under the historical cost convention, with the exception of certain investment properties which have been revalued to fair value as at the year ended 31 July 2019.

The University's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the University, its cash flows, liquidity position and borrowing facilities, the University's capital position and its financial risk management strategy. The Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

These financial statements are presented in sterling (rounded to £'000), which is the functional currency of the group.

4. Exemptions under FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

5. Basis of Consolidation

The consolidated financial statements include the financial statements of the University and all its subsidiaries together with the share of the results of joint ventures for the financial year to 31 July 2019. Details of these companies are provided in notes 14 (b) and 15.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised on acquisition.

Intra-group transactions are eliminated on consolidation. Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

Associated companies and joint ventures are accounted for using the equity method.

The consolidated financial statements do not include the income and expenditure of the Students' Union or Postgraduate Association as the University does not exert control or dominant influence over their policy decisions. The Students' Union and Postgraduate Association are both separately registered with the Charity Commission.

6. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Externally funded bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

In both 2000/01 and 2006/07 the University received premiums for the lease of student accommodation to Keele Residential Funding plc, previously Owengate (Keele) plc. These premiums are held under Creditors on the balance sheet and are being released to the Statement of Comprehensive Income and Expenditure over the period of the respective lease agreements on a straight-line basis.

The income received for student lettings of the Halls is recognised as income in full, with any payments that are made to Keele Residential Funding Plc being accounted for as non-pay expenditure.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure of the University where the University is exposed to minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including Funding Council block grant and Government research grants are recognised within the Statement of Comprehensive Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred within creditors in the Balance Sheet and released to the Statement of Comprehensive Income and Expenditure as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recorded in the Statement of Comprehensive Income and Expenditure when the University is entitled to the funds.

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

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

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

Capital grants

Capital grants are recognised in income when the University is entitled to the income subject to any performance related conditions being met.

7. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme ("USS") and the Keele Superannuation Scheme ("KSS"). The schemes are defined benefit schemes which are externally funded. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities to Institution at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Multi-employer schemes

Where the University is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the University has entered into an agreement with such a multi-employer scheme that determines how the University will contribute to a deficit recovery plan, the University recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

Defined benefit schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The net liability is recognised in the balance sheet in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Further detail is provided on the specific pension schemes in note 30 to the accounts.

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (the scheme). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Keele Superannuation Scheme

The University operates the KSS providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the University. The scheme is closed to future accrual. Pension scheme assets are measured using market values.

Annually the University engages independent actuaries to calculate the obligation for KSS. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Others

The University participates in the Local Government Pension Scheme ("LGPS"). This is a defined benefit scheme which is externally funded. The assets of the LGPS are measured using closing market values.

Annually the University engages independent actuaries to calculate the obligation for LGPS. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the future payments.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

A small number of staff are also in the NHS pension scheme. The amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period.

8. Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

9. Employment benefits

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

10. Accounting for Research and Development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

11. Fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation.

Land and Buildings

Land and buildings are capitalised at cost on initial recognition. After initial recognition land and buildings are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings that had been revalued to fair value on transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated by component from the date of completion over their expected UEL on a straight-line basis as follows:



Where an item of land and buildings comprise two or more major components with substantially different useful economic lives ("UEL"), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred to the extent that they increase the expected future benefits to the University.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Equipment and Furniture

Equipment, including computers and software, and furniture costing less than £20,000 is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. All other equipment is capitalised, including equipment used for research. Capitalised equipment and furniture is stated at cost and depreciated from the month of purchase over its expected useful life of between 4 to 10 years. From this financial year, equipment acquired for specific research projects is written off over the same length as the remaining research project life, in order to better match depreciation and usage. The impact on the charge for the year is not material.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Impairment

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the tangible fixed asset may not be recoverable.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

12. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised in the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

The Keele Residential Fund agreement is not treated as a service concession arrangement, and as such no financial liability was created and the Halls of Residence were valued in use as part of fixed assets.

13. Leases

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

14. Heritage assets

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets costing in excess of the capitalisation threshold of £20,000 will be capitalised and recognised at their cost or value where reasonably obtainable. The University uses the valuation for insurance purposes as the basis for the value reflected in the financial statements. The University's significant donated assets are works of art, porcelain and antiques. These are accounted for as heritage assets.

Heritage assets are revalued in line with insurance valuations, with any movements taken to the Statement of Comprehensive Income and Expenditure. The valuations are usually carried out every five years, and on an interim basis for specific items.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. However, they are subject to an annual impairment review in accordance with applicable accounting standards.

15. Investment Properties

Investment property is land or a building, or part of a building, held for rental income or capital appreciation rather than for use in delivering services. Mixed use property is separated between investment property and property, plant and equipment where the separate portions can be sold separately or leased out under a finance lease. Where the fair value of the investment property portion cannot be reliably measured, the entire property has been included within property, plant and equipment.

Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised in the Statement of Comprehensive Income and Expenditure. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions as at the reporting date.

16. Investments

Investments in jointly controlled entities, associates and subsidiaries are carried at cost (less impairment) in the University's separate financial statements. Investments are held in the Balance Sheet as basic financial assets and are measured in accordance with accounting policy note 24.

17. Accounting for Joint Operations, Jointly Controlled Assets and Joint Ventures

A joint venture is an entity where the University has joint control and is entitled to a share of the net assets and liabilities. The University accounts for its share of joint ventures using the equity method, which involves recognition in the Statement of Comprehensive Income and Expenditure of the University's share of the joint venture's net surplus or deficit for the year.

The interest in a joint venture is carried in the Balance Sheet as the University's share in the net assets of the joint venture together with any goodwill less any impairment loss. When the University's share in a loss exceeds the carrying amount of the joint venture, the carrying amount is reduced to zero. No further losses are recognised, unless the University has responsibility for obligations relating to the joint venture.

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

18. Stock

Stock is held at the lower of cost and net realisable value. Stock held under Maintenance and Building stores is held using an average cost. Food and beverage stock is held at latest cost.

The development land for sale is valued on a "per acre" basis for the remaining unsold plots on the development site by an external valuer. The building under construction is work-in-progress held at cost.

19. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a the University has a present obligation (legal or constructive) as a result of a past event;
- b it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

21. Taxation

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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 group receives no similar exemption in respect of Value Added Tax ("VAT"). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure.

The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

22. Reserves

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

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

23. Financial instruments

The Group and University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Group and University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liability

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

To the extent that the Group and University enters into forward foreign exchange contracts which remain unsettled at the reporting date the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Group and University does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

24. Significant estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

Recoverability of debtors

The provision for doubtful debts is based on an estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due. At the reporting date, the bad debt provision is £499k (2018: £573k).

Impairments

Management make judgements as to whether any indicators of impairment are present for any of the University's assets.

Investment properties

Properties are revalued to their fair value at the reporting date. Full valuations are undertaken every five years by an independent external team of chartered surveyors (Gerald Eve LLP). This is updated annually by a desk top review by them based on the current tenant rents and an estimate of the rental yield going forward.

Useful economic life (UEL) of tangible assets

Property, plant and equipment represent a significant proportion of the Group's and University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the reported performance. Useful lives are determined at the time the asset is acquired, and the UEL of its assets is reviewed annually. The UEL are based on historical experience with similar assets as well as anticipation of future events. The UEL is shown in Statement of Accounting Policies section 11.

Provisions

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

Employee leave accrual

A liability for holiday pay is recognised due to accounting standards necessitating that short term employee benefits be charged to the Statement of Comprehensive Income and Expenditure as the employee service is received. Information has been gathered from the HR/Payroll system on holiday balances, with assumptions having been made for staff where this information was not possible to collect. These balances were then applied against individual pay data to calculate the employee leave accrual.

Income recognition

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

Retirement benefits

Keele Superannuation Scheme and Local Government Pension Scheme

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The actuarial assumptions are set by the University, having first considered actuarial advice. In determining the appropriate discount rate, the University considers the interest rates of corporate bonds with an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases for KSS are based on expected future inflation rates, and for LGPS are based on the most recent actuarial valuation for the Staffordshire Local Government Pension fund. Further details are given in note 30.

University Superannuation Scheme

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

ACCOUNTS

Notes to the Accounts

For the year ended 31 July 2019

1. Tuition fees and education contracts

	Year ended 31 July 2019 Consolidated and University	Year ended 31 July 2018 Consolidated and University
Notes	£'000	£'000
Home and EU students	67,109	62,789
International students	8,492	10,590
Short course fees	937	1,094
Degree Apprenticeships	234	-
Home and EU fees paid by the Department of Health	3,467	5,528
Other fees	221	200
	80,460	80,201

2. Funding body grants

	Year ended 31 July 2019 Consolidated and University	Year ended 31 July 2018 Consolidated and University
Notes	£'000	£'000
Recurrent grants		
Office for Students (OfS) / Research England (RE)	16,827	16,031
Capital Grant	1,186	5,372
Specific grants		
Office for Students	3,145	3,381
Higher Education Innovation Fund (HEIF)	1,212	1,011
	22,370	25,795

Recurrent grants

The University receives recurrent annual funding from OfS and RE. The OfS recurrent funding is based is to support high-cost subject funding and targeted allocations to support important or vulnerable features of higher education in accordance with key OfS policy initiatives.

The University recognised the Teaching and Research capital income in full during 2018/19 for the OfS and Research England grant year from 1 April 2019 to 31 March 2020. There are no other funding body capital grant income (2017/18 – £3,750k HEFCE STEM capital bid was released).

Specific grants

The specific grant from the OfS relates primarily to the National Collaborative Outreach Programme (NCOP), where the income and expenditure are matched. RE provides HEIF funding for knowledge exchange to support and develop a broad range of knowledge-based interactions between universities and the wider world, which result in benefits to the economy and society.

3. Research grants and contracts

	Notes	Year ended 31 July 2019 Consolidated and University £'000	Year ended 31 July 2018 Consolidated and University £'000
Research councils		3,266	3,073
Capital income		250	-
Research charities		2,152	1,977
UK central government		7,662	9,279
UK industry & commerce		371	298
Other		3,378	3,150
		17,079	17,777

"Other" above includes EU government bodies, UK local authorities, health and hospital sources and other UK, EU and overseas sources.

4. Other income

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, catering and conferences		18,430	18,430	18,381	18,381
KRF rental payment received	29(e)	4,621	4,621	4,516	4,516
KRF premium release	29(e)	2,842	2,842	2,842	2,842
Other services rendered		1,352	1,352	1,348	1,348
Other income		11,256	11,406	12,644	12,530
		38,501	38,651	39,731	39,617
Other capital grants		8,389	8,389	-	-
		46,890	47,040	39,731	39,617

The University recognised £8,389k of capital income during the year (2017/18: £nil) relating to the opening of the Denise Coates Foundation Building, which incorporates the Keele Business School and Smart Innovation Hub. The capital income recognised in the year was provided by the European Regional Development Fund (in full), the Denise Coates Foundation (in full) and Staffordshire County Council (in part). Additionally, there is capital income from Staffordshire County Council (in part) and UK Government Growth Deal Funding (in full) totalling £3,020k that has been deferred on the balance sheet as the performance conditions were not considered to have been met at 31 July 2019. There is no other capital grant income (2017/18: £nil) recognised.

In 2017/18 comparators, the gain on investment property of £500k has been transferred from other income to a separate line below surplus before other gains/ losses and share of operating (deficit)/surplus of joint ventures.

5. Investment income

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Investment income on endowments	22	6	6	4	4
Decrease in fair value of derivatives		110	110	283	283
Other investment income		1,649	1,764	1,764	1,809
		1,765	1,880	2,051	2,096

6. Donations and endowments

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
New endowments		179	179	178	178
Unrestricted donations		101	101	112	112
		280	280	290	290

There are no donations or endowments being held in the Balance Sheet not recognised as income.

7. Staff costs

	Notes	Year ended 31 July 2019 Consolidated and University £'000	Year ended 31 July 2018 Consolidated and University £'000
Salaries		70,675	71,321
Social security costs		6,544	6,563
Occupational pension costs	30		
Employer contributions		11,883	11,609
Actuarial movements on pension provisions		39,327	(2,446)
		128,429	87,047
Severance costs (see below)		4,556	1,006
Total		132,985	88,053
Analysed as:		£'000	£'000
On-going staff costs		89,102	89,493
Severance costs		4,556	1,006
Actuarial movements on pension provisions		93,658	90,499
		39,327	(2,446)
Total		132,985	88,053

During 2018/19, the University had a voluntary severance scheme in place. The above severance costs were payable to 142 post-holders (2018: 58). All severance costs associated with the University voluntary severance scheme were approved through a Staff Review Group and Post Approval Scrutiny Group.

A general pay award of 2.0% was made from 1 August 2018 for all staff on the Keele Spine, except for staff on spine points 2-15 who received a higher award of up to 2.76%.

	Notes	Year ended 31 July 2019 FTE	Year ended 31 July 2018 FTE
Average staff numbers by major category:			
Academic / Research		685	725
Technical		85	91
Academic Related		308	311
Secretarial / Clerical		438	468
Other		250	256
Total		1,766	1,851

	Year to 31 July 2019 £'000	Period to 31 July 2018 £'000
Emoluments of the Vice-Chancellor (Professor McMillan)		
Basic salary	234	227
Payments in lieu of pension contributions	37	38
Non-taxable benefit – Clock House residence	10	9
Remuneration excluding pension contributions	281	274
Contributions to USS – Death In Service	5	5
Total Remuneration	286	279

The Vice-Chancellor is required by the University to have accommodation on campus. The Clock House residence is the market value equivalent of the rental on the property. The University paid contributions to the University Superannuation Scheme for the Death In Service element only. The Vice-Chancellor had no salary sacrifice arrangements, and did not receive any bonus or expenses allowance in the current or previous year. The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff.

Basis of the remuneration package of the Vice-Chancellor

The remuneration of the Vice-Chancellor is reviewed annually by the Senior Remuneration Committee with reference to the terms set out in the "Salary Review Framework for the Vice-Chancellor" which was adopted in August 2013 and updated in July 2018 to align with the principles of the Committee of University chairs (CUC) voluntary Higher Education Remuneration Code for Senior Staff published in June 2018. The Committee has regard for the promotion of equality and diversity, and ensures equality of opportunity in the way it conducts itself and in the transaction of its business. Committee members consider the public interest and the safeguarding of public funds alongside the interests of the institution when considering all forms of payment, reward and severance to the staff within its remit.

The Senior Remuneration Committee Annual Report for 2017/18 notes that, with regard to the Vice-Chancellor's achievement against objectives "It was agreed that the Vice-Chancellor had performed strongly over the review period (2017/18) and was making a positive difference to the culture and profile of Keele". In view of this and with reference to the UCEA benchmark data, it was agreed that the VC should be awarded a salary increase of £2.5k (1.1% of basic pay). In addition, the Vice-Chancellor's salary was uplifted in line with the national award of 2% that was applied to all staff at the University.

During the year, the Committee met in November 2018 and April 2019. The scheduled meeting in July 2019 was cancelled since Senior Remuneration Committee had determined that a policy of senior pay restraint should be adopted resulting in a decision that there would be no salary review for senior staff including the Vice-Chancellor during 2019. The membership of the Committee is:

Dates of meeting attended

Name	Position	Nov 18	Apr 18
Mrs Sally Bucknall (Chair)	Deputy Pro-Chancellor	Yes	Yes
Mr Richard Callaway	Deputy Pro-Chancellor	Apologies	Yes
Mr David Hall	Treasurer	Yes	Yes
Professor Alistair Ulph	Deputy Pro-Chancellor	Yes	Yes
Dame Jo Williams	Pro-Chancellor	Yes	Yes
Secretary in attendance:			
Mrs Rachel Adams	Director of Human Resources	Yes	Yes

The Vice-Chancellor may be in attendance at the Committee, except for an item where their remuneration is under consideration. The Vice-Chancellor attended the November 2018 meeting, but not the April 2019 meeting.

Context in which Keele University operates

The University operates in the United Kingdom Higher Education sector, which is both competitive and complex. There is competition across the sector to recruit both UK and International students for undergraduate and postgraduate studies, alongside the desire of all institutions to attract and retain a high quality of academic and professional service staff. This obviously includes key management personnel, including the Vice-Chancellor. Alongside teaching, research is the other key strand of the sector, an area that encompasses varied specialisms, funding streams and requirements. As a result of the staff involved in teaching and research, universities are able to engage in innovation, business engagement and technology transfer, or collectively knowledge exchange.

Terms of the Vice-Chancellor's Salary Review

In considering any pay increase, Senior Remuneration Committee takes into account the following:

1. The size and complexity of the role, relevant market comparators, pay ratio data and other metrics as appropriate and the need to protect the strategic interests of the University.

The Vice Chancellor's salary is benchmarked annually against the salary data for comparable roles and institutions set out within the latest available UCEA Remuneration Report, as a basis for ensuring broad based fairness and comparability. However it is not the intention that the salary is automatically adjusted to reflect a specific percentile point or range.

2. Performance in role

The Vice Chancellor's performance is reviewed annually by the Chair of Council with due consideration of both long and short term objectives. Only in the case where the Vice Chancellor is deemed to have demonstrated significant achievement and exceptionality of performance in his/her role against key performance indicators and personal objectives will a salary review based on performance be considered.

3. Affordability – the University's financial position – current and longer terms.

Any increase considered against 1) and 2) above is balanced against available and projected long term funding, expenditure priorities, discretionary pay expenditure, and pay as a percentage of income in the short to medium term

4. National Pay Restraint and any associated Public and Employee Relations issues

Any recommended increase is considered within the context of the relevant pay climate. The Vice Chancellor's remuneration package is published annually within the annual statutory accounts which are available on the University's website and the University must be able to properly explain any enhancements based on the strategic interests of the institution.

Pay ratio of the Vice-Chancellor compared to the median pay of staff

The Higher Education Senior Staff Remuneration Code was published by the Committee of University Chairs on 6 June 2018 and requires HE providers to publish the pay multiple of the head of institution and the median earnings of the institution's whole workforce (Principle E).

Paragraph 10 of the Code notes that "to assist with consistency and comparison, the definition for the multiple should be based on the methodology used by Universities & Colleges Employers Association (UCEA)". The year ended 31 July 2018 ratio below reflects the agreed UCEA figure. This only includes substantive staff.

The year ended 31 July 2019 ratio has been calculated using the methodology outlined in Section 12 (d) of the Accounts Direction guidance for accounting periods beginning on or after 1 August 2019 recently issued by the OfS. This states the calculation "must include all employees who are required to be included in real-time reporting to HMRC. Employees that are not required to be included in real-time reporting to HMRC should be excluded from the calculation of the remuneration of 'all other staff' ". This includes all substantive staff together with all sessional and casual staff and anyone else paid through the payroll, but excludes Agency Staff. The median using this ratio is significantly lower than the UCEA methodology used for 2018. As a comparator, using the same "substantive staff only" methodology in 2019 as for 2018, the ratio would be 6.84 for Basic and 7.21 for Total remuneration.

The median pay is calculated on a full-time equivalent basis for the salaries paid by the University to the staff.

	Year ended 31 July 2019 Pay multiple	Year ended 31 July 2018 Pay multiple
Basic salary of Vice-Chancellor compared to median of University staff	9.17 (6.84 – 2018 method)	6.76
	Pay multiple	Pay multiple
Total remuneration of Vice-Chancellor compared to median of University staff	9.51 (7.21 – 2018 method)	8.34

Remuneration of other higher paid staff (excluding the Vice-Chancellor)

The number of staff with a basic salary of over £100,000 per annum has been included below. Basic salary excludes (amongst other items) bonuses, market supplements, allowances, clinical excellence awards, compensation for loss of office, employer pension contributions, employer National Insurance and expenses. Payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment are not included within remuneration. In line with the Office for Students Accounts Direction, staff who joined or left part-way through a year who would have received salary in these bands in a full year but did not in this part year are excluded.

Notes	Year ended 31 July 2019 Number	Year ended 31 July 2018 Number
£100,000 to £104,999	6	6
£105,000 to £109,999	2	1
£110,000 to £114,999	1	3
£115,000 to £119,999	1	-
£120,000 to £124,999	-	1
£125,000 to £129,999	1	-
£130,000 to £134,999	1	2
£135,000 to £139,999	-	1
£140,000 to £144,999	1	1
£145,000 to £149,999	1	-
	14	15

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University through the University Executive Committee. Key management personnel costs are based on 16 (2018: 15) University employees. Compensation consists of salary, benefits, compensation for loss of office, employer's national insurance and employer's pension contribution.

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Key management personnel	2,470	2,114

8. Other operating expenses

Notes	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other operating expenses include:				
External auditors remuneration				
Audit services	43	38	41	36
Taxation and other advisory services	18	18	42	24
Internal auditors remuneration	105	105	95	95
Impairment of Tangible Assets	12	270	-	-
Operating lease rentals				
Land and buildings	-	127	-	123
Other	232	232	241	241

9. Interest and other finance costs

		Year ended 31 July 2019 Consolidated and University	Year ended 31 July 2018 Consolidated and University
	Notes	£'000	£'000
Loan interest		3,096	2,962
Exchange differences		8	3
		3,104	2,965
Net charge on pension schemes	30	1,443	1,418
		4,547	4,383

10. Analysis of total expenditure by activity

		Year ended 31 July 2019			Year ended 31 July 2018	
	Notes	Staff £'000	Non-staff £'000	Total costs £'000	Consolidated £'000	University £'000
Academic		47,512	11,159	58,671	57,376	57,376
Academic services		8,125	5,193	13,318	13,476	13,476
Central administration		8,172	4,171	12,343	12,779	12,779
General education		1,274	3,760	5,034	4,365	4,365
Staff and student facilities		3,162	3,042	6,204	5,664	5,664
Premises		5,851	13,694	19,545	19,681	19,681
Residences, catering and conferences		4,824	16,158	20,982	21,006	21,006
Research grants and contracts		10,172	4,283	14,455	15,553	15,553
Scholarships, bursaries and prizes		-	5,382	5,382	5,466	5,466
Other expenses		10	4,390	4,400	5,117	5,117
Staff costs – actuarial movement		39,327	-	39,327	(2,446)	(2,446)
Restructuring		4,556	-	4,556	1,006	1,006
Total University expenditure		132,985	71,232	204,217	159,043	159,043
Subsidiary and consolidation		-	189	189	448	-
Total Consolidated expenditure		132,985	71,421	204,406	159,491	159,043

Non-staff costs comprise other operating expenses, interest and other finance costs and depreciation. The year end 31 July 2018 comparator has been re-stated to include separate analysis lines for scholarships, bursaries and prizes and subsidiary companies (overall total remain the same).

11. Taxation

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Current tax		-	-	-	-
Deferred tax		-	-	-	-
Total tax expense		-	-	-	-

The University has not provided a full tax reconciliation disclosure as tax is not material to the financial statements. The University does not believe that any current taxation will be payable by the group.

12. Tangible Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Tangible Assets Total £'000	Investment Properties £'000	Heritage assets £'000	Total £'000
CONSOLIDATED								
Cost / valuation								
At 1 August 2018	262,813	413	18,614	13,906	295,746	8,750	12,116	316,612
Additions	4,589	-	898	17,454	22,941	-	-	22,941
Valuation increase	-	-	-	-	-	650	-	650
Transfers	532	-	56	(588)	-	-	-	-
Disposals	-	-	(144)	-	(144)	-	-	(144)
At 31 July 2019	267,934	413	19,424	30,772	318,543	9,400	12,116	340,059
DEPRECIATION								
At 1 August 2018	20,058	33	11,249	-	31,340	-	-	31,340
Charge for the year	6,381	8	1,463	-	7,852	-	-	7,852
Impairment	270	-	-	-	270	-	-	270
Disposals	-	-	(25)	-	(25)	-	-	(25)
At 31 July 2019	26,709	41	12,687	-	39,437	-	-	39,437
Net book value								
At 31 July 2019	241,225	372	6,737	30,772	279,106	9,400	12,116	300,622
At 31 July 2018	242,755	380	7,365	13,906	264,406	8,750	12,116	285,272
UNIVERSITY								
Cost / valuation								
At 1 August 2018	259,321	413	18,535	13,906	292,175	8,750	12,116	313,041
Additions	4,589	-	898	17,454	22,941	-	-	22,941
Valuation increase	-	-	-	-	-	650	-	650
Transfers	532	-	56	(588)	-	-	-	-
Disposals	-	-	(144)	-	(144)	-	-	(144)
At 31 July 2019	264,442	413	19,345	30,772	314,972	9,400	12,116	336,488
DEPRECIATION								
At 1 August 2018	19,681	33	11,179	-	30,893	-	-	30,893
Charge for the year	6,287	8	1,460	-	7,755	-	-	7,755
Impairment	270	-	-	-	270	-	-	270
Disposals	-	-	(25)	-	(25)	-	-	(25)
At 31 July 2019	26,238	41	12,614	-	38,893	-	-	38,893
Net book value								
At 31 July 2019	238,204	372	6,731	30,772	276,079	9,400	12,116	297,595
At 31 July 2018	239,640	380	7,356	13,906	261,282	8,750	12,116	282,148

The University and Group revalued its land and buildings on a fair value basis as at 31 July 2014, taking advantage of the transitional provisions of FRS 102 section 35.10. The University appointed Gerald Eve LLP, an independent external valuer which is regulated by the Royal Institution of Chartered Surveyors ("RICS"). The valuation was performed in accordance with the RICS Valuation – Professional Standards January 2014. In accordance with the FRS 102 transitional provisions these revised values are now used as the deemed cost of land and buildings going forward.

At 31 July 2019, freehold land and buildings included £34,518k university and £34,810k consolidated (2018 – £34,518k University; £34,810k Consolidated) in respect of freehold land that is not depreciated. There are no leased assets included in the above, other than the Leasehold Land and Buildings.

During the year, an impairment of £270k was recognised on certain staff flats that are no longer being utilised.

The investment properties held by the University currently totalling £9,400k (2018: £8,750k) were valued on a fair value basis as at 31 July 2019 by an external valuer (GeraldEve LLP), which is regulated by the RICS. The historical cost of these investment properties is £6,900k (2018: £6,900k). The valuations have been carried out in compliance with the Practice Statements contained within the Valuation – Global Standards 2017 of the RICS. The critical assumption made relating to the valuations is a net yield on the properties of between 9.0% – 9.5% (2018: between 9.0% and 11.5%).

13. Heritage assets

Consolidated and University

The University has a number of different types of heritage assets, some of which it owns, and some of which are held on loan deposit. During the year, the heritage assets were not revalued as a result of a valuation for insurance purposes. The total heritage assets are split between:

Library: Archives and Special Collections

The University holds a large number of manuscripts, archives and other special collections; these collections are housed in the University Library. They are held and maintained principally for their contribution to knowledge and culture.

Collections are acquired by deposit, gift and purchase. The University is committed to ensuring that these collections are exploited to their maximum advantage and made available efficiently and effectively. The University's collecting policy states that material should conform to at least one of the following criteria:

- It fits with the current or future teaching and research profile of the University
- It is of strategic local interest
- It supplements an existing collection
- It is material generated by the University and considered worth preserving.

The collections were professionally valued for insurance purposes during 2015/16 by Hansons Auctioneers and Valuers Ltd. The valuation of items owned by the University totalled £6,972k.

Listed below are the collections owned by the University:

- Arnold Bennett Papers
- Wilfred Bloor Papers
- Goldendale Iron Company
- T.E. Hulme Archive
- William Jack Collection
- The Foundations of British Sociology Archive (formerly called the LePlay Collection)
- Lord Lindsay Papers
- Local Collection
- Karl Mannheim Papers
- Pape Collection
- Raymond Richards Collection
- Sneyd Family Papers
- Warrillow Collection
- Josiah Clement Wedgwood Collection
- Jeavons Collection of 20th Century Slides
- An Illuminated Manuscript
- Reserve stock (13,529 other titles held by the University)
- George Thomas Bagdaley – Finishing Designs
- Ray Pahl Papers

No significant additions or disposals have occurred of University owned heritage assets in this or the previous four years.

Additionally, within the Hansons Auctioneers and Valuers Ltd insurance valuation there were items that were not owned by the University and were on deposit, valued at a total of £977k. During the current year, the University has been loaned the Joyce Holliday Archive, which mostly relate to the community play movement and regional theatre in North Staffordshire and Sheffield in the 1980s and 1990s and the work of Joyce Holliday as a playwright and scriptwriter. No valuation has been undertaken on this archive, and as such no value has been assigned to this in the financial statements.

Other Miscellaneous Artefacts

The University has various miscellaneous artefacts that it owns, mainly situated in Keele Hall and the Library. These are classed as follows:

- Silver and Plated Ware
- Ceramics
- Furniture
- Sculpture
- Pictures (including Drawings and Prints)

During 2015/16, the collections were professionally valued for insurance purposes by Hansons Auctioneers and Valuers Ltd. The new valuation totalled £5,144k. Additionally, within the valuation there were items that were not owned by the University and were on deposit, valued at a total of £241k.

Archive documents were uncovered in the year which showed that Herbert the Dragon is in fact a late Gothic bronze 'fabulous monster', once part of a drinking fountain with a marble cistern. It was brought from Italy by Col. Ralph Sneyd in 1903 and installed in the 'Flower Court' in Keele Hall, before being removed during renovations around 1950. The marble cistern has not been found. No valuation has been undertaken on Herbert the Dragon, and as such no value has been assigned to this in the financial statements. There have been no other additions or disposals of University owned heritage assets in this or the previous four years.

14. Non-Current Investments

	Keele Residential Fund (see 14a)		(see 14b)	(see 14c)	(see 14d)	Total
	Stanhope Capital	Nat West Guaranteed Investment	Subsidiary companies	Investment in spinouts	Other fixed asset investments	
	£'000	£'000	£'000	£'000	£'000	£'000
CONSOLIDATED						
At 1 August 2017	21,615	18,755	-	-	82	40,452
Additions	6,418	888	-	-	-	7,306
Disposals	(6,696)	(1,623)	-	-	-	(8,319)
Change in market value	461	-	-	-	-	461
At 1 August 2018	21,798	18,020	-	-	82	39,900
Additions	4,720	848	-	-	-	5,568
Disposals	(5,371)	(1,901)	-	-	-	(7,272)
Change in market value	1,252	-	-	-	-	1,252
At 31 July 2019	22,399	16,967	-	-	82	39,448
	Keele Residential Fund (see 14a)		(see 14b)	(see 14c)	(see 14d)	Total
	Stanhope Capital	Nat West Guaranteed Investment	Subsidiary companies	Investment in spinouts	Other fixed asset invest- ments	
	£'000	£'000	£'000	£'000	£'000	£'000
UNIVERSITY						
At 1 August 2017	21,615	18,755	-	-	82	40,452
Additions	6,418	888	-	-	-	7,306
Disposals	(6,696)	(1,623)	-	-	-	(8,319)
Change in market value	461	-	-	-	-	461
At 1 August 2018	21,798	18,020	-	-	82	39,900
Additions	4,720	848	-	-	-	5,568
Disposals	(5,371)	(1,901)	-	-	-	(7,272)
Change in market value	1,252	-	-	-	-	1,252
At 31 July 2019	22,399	16,967	-	-	82	39,448

14. (a) Keele Residential Fund Investments

The Keele Residential Fund investments relate to monies generated from the financial restructuring deals in 1999 and 2007, and can be categorised as follows:

Stanhope Capital Investment Funds and Refurbishment Funds

The strategic asset investment funds are an overall fund managed by Stanhope Capital on behalf of the University. The fund is held over a variety of different investments. Where an element of the fund is held in liquid assets, this is shown as cash and cash equivalents with the rest shown as non-current asset investments above. All of the investments are shown at market value, as provided by the Investment managers, with any changes in market value being adjusted for in the Statement of Comprehensive Income and Expenditure.

National Westminster Bank plc (Nat West) Guaranteed Investment Contract

The Nat West Guaranteed Investment Contract is a separate fixed interest cash account against which a specified annual amount is drawn down by the University to use for the Halls of Residence refurbishment works. The ability of the University to draw down against the profile is subject to confirmation by Keele Residential Funding plc, and the final draw down is in 2029 when the balance in the account will be £nil. The whole of the Guaranteed Investment Contract is included in fixed asset investments.

14. (b) Investment in wholly owned subsidiary companies

The University had the following investments in wholly owned subsidiary companies as at 31 July 2019, all of which had a 31 July year end:

Name of Investment	Class of share	Proportion held by University	Nature of business
Keele University Science and Business Park Ltd	Ordinary	100%	Land development and associated activity
Keele Facilities Management Ltd	Ordinary	100%	Dormant company
Keele Hotels Ltd	Ordinary	100%	Dormant company

All of the above companies are registered in England and Wales. There were no acquisitions in the year. The University does not believe that there is any material difference between the cost and market value of the shares in the above companies, and the investment is shown at cost.

14. (c) Investment in spin out companies

The University had the following investment in a spin out company as at 31 July 2019:

Name of Investment	Class of share	No of shares purchased	Proportion held by University and Group	Nature of business
Prescribing Decision Support Limited (PDS)	£1 Ordinary (1,000)	250	25.0%	Software to assist pharmacists
	£1 Ordinary B (100)	-	-	

The University does not believe that there is any material difference between the cost and market value of the shares in PDS, and the investment is shown at cost. Where the University holds 20% or more of the share capital of any spin out company, the University does not account for these investments as associates but holds them as simple investments in line with those in which it has a less than 20% shareholding. This is on the basis that the University merely holds the shares as an investment, and does not seek to exercise any significant influence over the operating and financial policies of a spin out company.

14. (d) Other Investments

The University holds the following equity shares, which are accounted for at cost as a simple investment:

£	Shares held in	Description
31,761	CVCP Properties PLC	CVCP Properties plc is a company owned by 100 Higher Education institutions, whose executive heads are members of Universities UK.
49,850	KRF Holdings Ltd	The University holds 99.7% of the shares, being "A" Ordinary shares. These shares have no voting rights, and the holders of this class of shares do not have any right to appoint directors of the company. Consequently, the University has no Board representation. On the basis that the University lacks the ability to control the entity, KRF Holdings Ltd has not been consolidated into the accounts and is included at cost.

15. Investment in jointly controlled company and other partnerships

(a) Keele Seddon Limited

The University holds a 50% share of Keele Seddon Limited, a company limited by ordinary shares. This is a jointly controlled company whose business is land development, and is owned equally by the University and Seddon Homes Limited. The arrangement is treated as a jointly controlled company and is accounted for using the equity method, which involves recognition in the Statement of Comprehensive Income and Expenditure of the University's share of the jointly controlled company's net surplus or deficit for the year. When the University's share in the deficit exceeds the carrying amount of the jointly controlled company, the carrying amount is reduced to zero. No further losses are recognised, unless the University has responsibility for obligations relating to the jointly controlled company.

As Keele Seddon Limited does not have net assets, the value of the jointly controlled company is recorded on the balance sheet as £nil.

The company has an accounting reference date of 31 December. The University will account for the jointly controlled company using financial information as at 31 July of each year. As at 31 July 2019, there are no significant contingent liabilities related to Keele Seddon Ltd, although there is a £0.3m (2018: £0.3m) capital commitment with Seddon Construction Limited in connection with the Barnes Halls of Residence (see note 29 b).

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000	Year ended 31 July 2018 £'000
STATEMENT OF COMPREHENSIVE INCOME					
Income			1		2,116
Surplus / (deficit) before tax			1		513
BALANCE SHEET					
Fixed assets		-		-	
Current assets		182		13	
			182		13
Creditors: amounts due within one year		(182)		(13)	
Creditors: amounts due after more than one year		-		-	
			(182)		(13)
Share of net liabilities			-		-

(b) Joint contracts and partnerships

The University operates a number of collaborative provision arrangements with other Universities and educational establishments, as follows:

Partner	Country	Type of arrangement
Active		
Beijing Foreign Studies University	China	Joint Award
Foundation for International Medical Education and Research	USA	Validation
Harper Adams University	United Kingdom	Joint Award
International Study Centre: Bellerbys Education Services Limited	United Kingdom	Articulation
Shaw Education Trust and Keele and North Staffordshire Primary SCITT	United Kingdom	Franchising
Undergoing teach out		
Staffordshire University	United Kingdom	Joint Award
University of Salford (agreement expired on 31 July 2019)	United Kingdom	Joint Award
Metropolitan College (course completed)	Greece	Franchising

The agreements with Nanjing XiaoZhuang University and KDU University College have come to an end during the year.

16. Stock

	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Work in progress – Building works	10,573	-	1,983	-
Finished goods	186	186	196	196
Development land	4,628	-	4,965	-
	15,387	186	7,144	196

17. Trade and other receivables

	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Amounts falling due within one year:				
Research grants receivables	1,597	1,597	2,160	2,160
Other trade receivables	4,492	4,492	3,785	3,785
Other receivables	1,793	1,652	1,599	1,500
Prepayment and accrued income	6,731	6,724	5,089	5,074
Amounts due from subsidiary companies	-	11,262	-	29
	14,613	25,727	12,633	12,548
Amounts falling due after one year:				
Prepayment and accrued income	3,160	3,160	3,326	3,326
Amounts due from subsidiary companies	-	1,625	-	4,821
	17,773	30,512	15,959	20,695

Within the prepayments balances are deferred costs relating to the Keele Residential Funding agreements in 1999 and 2007, which are being expended over the life of the leases.

18. Current Investments

Current asset investments include deposits held with banks and building societies operating in the London market and licenced by the Financial Services Authority with more than three months but less than twelve months maturity at the balance sheet date. The University does not hold any deposits with a maturity of three months or greater. As such, any liquid investments held are classified as cash and cash equivalents.

19. Creditors: amounts falling due within one year

	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Unsecured loans (see note 20a)	1,962	1,962	1,962	1,962
Trade payables	5,079	5,079	4,565	4,565
Other creditors	670	503	877	696
Social security and other taxation payable	2,195	2,195	2,019	2,019
Accruals and deferred income	26,241	24,918	25,993	25,389
Research grants and contract advances	8,997	8,997	7,280	7,280
Payments received on account	2,406	2,406	2,498	2,498
Amounts due to subsidiary companies	-	22	-	22
Deferred income: Keele Residential Funding premium (see Note 20b)	2,842	2,842	2,842	2,842
Derivative (see note 24)	438	438	548	548
	50,830	49,362	48,584	47,821

Deferred income

Included within creditors falling due within one year are the following items of income which have been deferred until specific performance related conditions have been met.

	At 31 July 2019 Consolidated and University £'000	At 31 July 2018 Consolidated and University £'000
Capital grant income	6,319	6,642
Research grants received on account	997	1,524
Other income	18	22
	7,334	8,188

20. Creditors: amounts falling due after more than one year

	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Unsecured loans (see note 20a)	68,755	68,755	70,717	70,717
Deferred income: Keele Residential Funding premium (see Note 20b)	48,896	48,896	51,738	51,738
Other long-term creditors	3,306	-	3,726	-
	120,957	117,651	126,181	122,455

20. (a) Mortgages and unsecured loans

	At 31 July 2019 Consolidated £'000	At 31 July 2018 Consolidated £'000
Analysis of secured and unsecured loans:		
Due within one year or on demand	1,962	1,962
Due between one and two years	1,962	1,962
Due between two and five years	5,886	5,886
Due in five years or more	60,907	62,869
Total secured and unsecured loans	70,717	72,679
Secured loans	-	-
Unsecured loans repayable by 2042	70,717	72,679
	70,717	72,679

The loans are all held by the University, with no loan facilities in the subsidiary companies. As at 31 July 2019, the loans comprise of the following:

Lender	Term	Balance £'000	Interest rate %
Royal Bank of Scotland	2029	3,989	LIBOR hedged at 5.22% plus agreed margin
Royal Bank of Scotland	2029	2,000	9.19% fixed
Royal Bank of Scotland	2029	2,531	LIBOR plus agreed margin
Barclays Bank	2035	10,690	Mix of 6.885% fixed and LIBOR plus agreed margin
Barclays Bank (Revolving credit facility)	2022	-	Variable rate plus 1.25% margin
Lloyds Bank	2034	6,507	Mix of 5.715% fixed and LIBOR plus agreed margin
Barings Bank	2037/2042	45,000	3.27% Series A and 3.37% Series B Senior Notes
Total		70,717	

20. (b) Keele Residential Funding premium

The Keele Residential Funding premium represents the premiums received on the lease of student accommodation to Keele Residential Funding plc. The premiums are held as deferred income in creditors, and are being released on a straight-line basis over the period of the lease agreements.

21. Provisions for liabilities

CONSOLIDATED AND UNIVERSITY	Obligation to fund deficit on pensions for:						
	USS £'000	KSS £'000	LGPS £'000	Total Pensions Provisions £'000	Pay and severances £'000	Other provisions £'000	Total Other Provisions £'000
At 1 August 2018	20,637	34,942	602	56,181	586	2,100	2,686
Utilised in year	-	-	-	-	(586)	(2,100)	(2,686)
Transfer from statement of comprehensive income	39,914	1,759	(192)	41,481	-	-	-
University deficit contributions	-	(1,240)	-	(1,240)	-	-	-
Additions	-	-	-	-	556	-	556
At 31 July 2019	60,551	35,461	410	96,422	556	-	556

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 30. The recovery plan in the 2014 actuarial valuation required employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years. The recovery plan in the 2017 actuarial valuation required employers to contribute 5.0% of salaries from 1 April 2020 towards repairing the deficit over a period of 17 years to June 2034. The University has used a discount rate of 1.60% (2018 – 2.18%).

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £20.6 million to £60.6 million. £39.5 million of this increase is attributable to the change in the deficit contributions contractual commitment. See note 7 in respect of this significant one-off pension cost in staff costs. More details on the 2017 actuarial valuation are set out in note 30.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 30. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £32.1m, a decrease of £28.5m from the current year end provision.

Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £60.6m (assuming the same discount rate of 1.60%):

- The impact of a 0.5% change in the salary inflation – would adjust the provision by £2.5m
- The impact of a 0.5% change in the staff numbers assumptions – would adjust the provision by £2.3m

KSS and LGPS deficit

These relate to pension scheme obligations that have been calculated by actuaries. See note 30 for further details.

Pay and severances

The University has recently completed a voluntary severance scheme. The provision relates to severance payments that the University and individuals have agreed by 31 July, but the University had not paid by that date.

22. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2019 Total £'000	2018 Total £'000
CONSOLIDATED AND UNIVERSITY					
Balances at 1 August 2018					
Capital	251	-	-	251	
Accumulated income	78	-	744	822	
	329	-	744	1,073	
New endowments	-	-	179	179	
Investment income	2	-	4	6	
Expenditure	(1)	-	(115)	(116)	
	1	-	68	69	
At 31 July 2019	330	-	812	1,142	
Represented by:					
Capital	251	-	-	251	
Accumulated income	79	-	812	891	
	330	-	812	1,142	
				2019 Total £'000	2018 Total £'000
Analysis by type of purpose:					
General fund				478	443
Hardship fund				35	35
Prize funds				189	190
Scholarships and bursaries				406	371
Student Loans				34	34
				1,142	1,073

The funds are held as cash and cash equivalents.

There are no deficit balances as at 31 July 2018 or 31 July 2019.

23. Restricted Reserves

Reserves with restrictions are as follows:

	Capital Grant Income Unspent £'000
CONSOLIDATED AND UNIVERSITY	
Balances at 1 August 2018	-
New capital grant income	1,397
Capital grants utilised	(1,397)
	-
At 31 July 2019	-

The restricted reserves relate to capital grant income recognised in full in research income as the performance conditions have been met, but with a small balance of expenditure yet to be incurred.

24. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Examples of financial instruments include cash, debtors and creditors, investments, hedging instruments and loans.

Nature and Extent of Risks Arising from Financial Instruments

The university's activities expose it to a variety of financial risks. The main risks to the University's treasury activities are:

- Credit and counterparty risk (security of investments);
- Liquidity risk/refinancing risk (inadequate cash resources/impact of debt maturing in future years);
- Interest rate risk (fluctuations in interest rate levels);
- Inflation risk (exposure to inflation); and
- Foreign exchange risk.

Interest rate risk

The University is exposed to risk in terms of its exposure to interest rate movements on its borrowings and cash equivalent investments. Movements in interest rates have a dual impact on the University. A rise in interest rates would increase the interest payable costs of any variable rate loans, but interest income credited to the surplus or deficit will rise for investments and cash equivalents that are based on a variable interest receivable. The University 'hedges' its interest rate risk using swaps which provide stability against interest rate fluctuations, as highlighted below.

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

	Notes	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Categories of financial instruments					
Financial assets					
<i>Financial assets at fair value through Statement of Comprehensive income</i>					
Listed investments	14	22,399	22,399	21,798	21,798
<i>Financial assets that are equity instruments measured at cost less impairment</i>					
Other investments	14	17,049	17,049	18,102	18,102
<i>Financial assets that are debt instruments measured at amortised cost</i>					
Trade and other receivables	17	4,492	4,492	3,785	3,785
		43,940	43,940	43,685	43,685
Financial liabilities					
<i>Financial liabilities at fair value through Statement of Comprehensive income</i>					
Derivatives (see below)	19	438	438	548	548
<i>Financial liabilities measured at amortised cost</i>					
Loans	19/20	70,717	70,717	72,679	72,679
Trade and other payables	19	5,079	5,079	4,565	4,565
		76,234	76,234	77,792	77,792

Derivatives

The derivative above relates to a Royal Bank of Scotland bank loan hedge held at fair value at the balance sheet date. It relates to the £11m element of the loan which started in October 2004 and has a completion date of October 2029. The loan has an interest rate based on LIBOR hedged at 5.22%, plus an agreed margin. The hedge covers up to 31 July 2022, but covers the full £11m loan value and is therefore treated as an "ineffective" hedge from an FRS 102 accounting perspective.

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

	Notes	At 31 July 2019 Consolidated £'000	At 31 July 2019 University £'000	At 31 July 2018 Consolidated £'000	At 31 July 2018 University £'000
Interest income and (expense)					
Total interest income for financial assets at fair value		622	622	612	612
Total interest income for financial assets at amortised cost		834	834	875	875
Total interest expense for financial liabilities at amortised cost	9	(3,096)	(3,096)	(2,962)	(2,962)
		(1,640)	(1,640)	(1,475)	(1,475)
Fair value gains and (losses)					
On financial assets measured at fair value through the Statement of Comprehensive Income		1,252	1,252	461	461
On financial liabilities measured at fair value through the Statement of Comprehensive Income	5	110	110	283	283
		1,362	1,362	744	744

25. Cash and cash equivalents

	At 31 July 2019	Cash Flows	At 1 August 2018
	£'000	£'000	£'000
CONSOLIDATED			
Cash at bank and on deposit	18,467	(24,280)	42,747

The cash at bank and on deposit represents cash in hand together with current and short term deposit accounts without a notice period or a notice period of less than 3 months.

26. Capital and other commitments

Provision has not been made for the following capital commitments:

	31 July 2019 Consolidated and University £'000	31 July 2018 Consolidated and University £'000
Commitments contracted for (order placed but work not completed)	7,230	21,261

27. Contingent liabilities

	31 July 2019 Consolidated and University £'000	31 July 2018 Consolidated and University £'000
Repurchase of houses sold to staff	13,252	13,527

The University has a stock of houses on campus that is available to purchase or rent for employees under various Schemes. If a house is purchased by an individual, the University covenants to re-purchase the house from that person if they are unable to sell to another eligible person. The contingent liability represents the stock of houses that the University would be liable to purchase if all of the owners called on the University to do so as at 31 July at an estimated market value.

During the year, the University group has received planning permission for an independent operator to build and open a new hotel on campus. Work started on the site owned by Keele University Science and Business Park Limited on 22 July 2019 and the hotel is due to be completed in autumn 2020. As part of the agreements, upon practical completion of the Hotel, the University is required to underwrite the lease rental of up to £800k per annum for 37 years as an "income guarantee" to Legal & General who will be long leasing the land and providing the funds to the external developer for the construction of the Hotel.

28. Leases

(a) Lease commitments

Total rentals payable under operating leases:

	31 July 2019 Land and Buildings £'000	31 July 2019 Equipment leases £'000	31 July 2018 Land and Buildings £'000	31 July 2018 Equipment leases £'000
CONSOLIDATED				
Payable during the year	-	232	-	241
Future minimum lease payments due:				
Not later than 1 year	-	161	-	161
Later than 1 year and not later than 5 years	-	363	-	524
Later than 5 years	-	-	-	-
Total lease payments due	-	524	-	685

	31 July 2019 Land and Buildings £'000	31 July 2019 Equipment leases £'000	31 July 2018 Land and Buildings £'000	31 July 2018 Equipment leases £'000
UNIVERSITY				
Payable during the year	127	232	123	241
Future minimum lease payments due:				
Not later than 1 year	130	161	127	161
Later than 1 year and not later than 5 years	560	363	553	524
Later than 5 years	465	-	633	-
Total lease payments due	1,155	524	1,313	685

The equipment relates to a contract that the University has in place for multifunctional printing devices.

The land and buildings relate to a lease that the University has with Keele University Science and Business Park Limited for the lease of the Sustainability Hub building.

(b) Lessor disclosures

Total rentals receivable as lessor:

	31 July 2019 £'000	31 July 2018 £'000
Future minimum lease receipts due:		
Not later than 1 year	4,537	4,427
Later than 1 year and not later than 5 years	19,312	18,841
Later than 5 years	157,007	162,016
Total lease receipts due	180,856	185,284

The lease relates to the leasehold interest in the University Halls of Residence property held by KRF Holdings Ltd. There are no financial restrictions imposed by the lease agreement. There is no contingent rent recognised as income.

Further details of the KRF agreement are disclosed under note 29 (e).

29. Related Party Transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. The University has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights. Included within the financial statements are the following transactions with related parties:

(a) Payment for services provided to the University by trustees

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures. There were no payments for services provided by a trustee in the year (2018 – £nil). Please refer to the Corporate Governance Statement for the total expenses paid to council members.

(b) Joint Ventures

The University holds shares in a joint venture company, Keele Seddon Ltd. Work to the value of £nil (2018: £2,791k) was carried out in the year by Keele Seddon Ltd, with a creditor balance of £nil (2018: £nil) at the balance sheet date.

As at 31 July 2019 there was an amount owed to the group from Keele Seddon Ltd of £nil (2018: £nil) and a balance of £314k (2018: £314k) was included in trade debtors.

(c) Keele Superannuation Scheme ("KSS")

KSS is a final salary defined benefit scheme in the United Kingdom, with the assets held in separate trustee-administered funds. The University is the principal employer. KSS is closed to future service benefit accrual. Accordingly, no further contributions by either members or the University to KSS have been made with the exception of the deficit funding contributions paid by the University in line with the recovery plan. For the year ended 31 July 2019, these were £1,240k (2018: £1,053k), which included £nil (2018: £nil) outstanding contributions at the balance sheet date.

The University settles the pensions payable of £1,534k (2018: £1,407k) through its payroll. These costs are then recharged by the University to the Scheme.

From 1 August 2015, as the Scheme has become a closed scheme, the administrative expenses of £200k (2018: £262k) have been re-imbursed by the University, including Trustees Indemnity Insurance. The University recovers VAT on behalf of the Scheme, in relation to VAT levied on administration expenses. At the year end the amount due to the University was £nil (2018: £nil).

(d) Transactions with Keele University Students' Union ("KSU") and Keele Postgraduate Association ("KPA")

The President of KSU and the President of the KPA are Council members during their term of office. As such they are trustees of the University, and transactions are required to be disclosed between the University and the two bodies.

During the year, grants were awarded to KSU of £1,621k (2018 – £1,158k) and to the KPA of £54k (2018 – £53k). At the year end, £100k (2018 – £71k) was owed to KSU and £nil (2018 – £nil) was owed to the KPA.

During the year, sales of £1k (2018 – £22k) were made by the group to KSU and £8k (2018 – £2k) to the KPA, with a related debtor of £nil (2018 – £1k) and £nil (2018 – £nil) respectively on the balance sheet. During the year, £313k (2018 – £219k) was purchased by the group from KSU and there was a trade creditor balance of £28k (2018 – £27k). For the KPA, the University purchased items from them for £nil (2018 – £2k) and had a trade creditor balance of £nil (2018 – £nil).

(e) Keele Residential Funding ("KRF") agreement

The term Keele Residential Funding ("KRF") is used to describe several linked transactions running throughout the financial statements. The principle relationships and transaction flows are described in this note.

During the financial year 1999/2000, the University undertook a securitisation deal around its Halls of Residence up to 2029 with Keele Residential Funding plc. In 2006/07, this was extended to 2047.

The University received a premium on both occasions, and this premium (together with associated costs) is being released to the Statement of Comprehensive Income and Expenditure over the life of the agreements. The residual premium and associated costs are recognised as deferred income and prepayments respectively on the Balance Sheet.

The university collects rent on behalf of Keele Residential Funding plc under a Letting Services agreement, and passes these rents over on an annual basis. Halls of Residence rental income is recognised in full within income for the University, with the payment to Keele Residential Funding plc being a cost recognised in other operating expenses. Keele Residential Funding plc pays the University a management fee for the management of the Halls of Residence, which is included within income, and disclosed in note 4 to the accounts.

As part of these agreements, the University leases a proportion of its student accommodation portfolio to Keele Residential Funding plc. The assets leased remain on the balance sheet of the University, because the substance of the transaction is that they will fully revert back to the University at the end of the agreement in 2047. The updated net book value on the University fixed asset register as at 31 July 2019 of these assets is £89,573k (2018: £89,628k).

Additionally, the University has a contractual duty to maintain and refurbish the student halls of residence. Investments of £27,928k (2018: £28,886k) have been set aside in fixed asset investments as at 31 July 2019 to enable the University to meet its future obligations in respect of the agreed refurbishment programme. These investments are shown as part of the Keele Residential Funding investments. The University is required to ensure funds are maintained at a level to ensure compliance with agreed maintenance programmes and failure to comply may result in monies being withheld from annual University management payments due from Keele Residential Funding plc.

As highlighted in note 14(d), the University holds shares in KRF Holdings Ltd, but does not consolidate its accounts into the University accounts. KRF Holdings Ltd owns 100% of the share capital of Keele Residential Funding plc, which owns 100% of the share capital of KRF Management Ltd.

30 Pension Schemes

The University contributes to the following pensions schemes:

Name of pension scheme	Type of pension scheme accounted as
(i) Universities' Superannuation Scheme (USS)	Multi-employer (Contributions plus recognise contractual commitment to fund past deficits)
(ii) Keele Superannuation Scheme (KSS)	Defined benefit
(iii) Local Government Pension Scheme (LGPS)	Defined benefit
(iv) National Health Service Pension Scheme (NHSPS)	Multi-employer (Contributions only)
(v) National Employment Savings Trust (NEST)	Defined contribution

The two principal pension schemes for University staff are USS and KSS. The assets of these pension schemes are held in separate trustee administered funds.

	Year Ended 31 July 2019 £'000	Year Ended 31 July 2018 £'000
CONTRIBUTIONS PAID		
USS	11,148	10,967
KSS	-	-
LGPS	248	203
NHSPS (includes accrual for additional NHS pension costs)	474	432
NEST	13	7
	11,883	11,609
Actuary adjustment		
USS	39,464	(2,406)
KSS	68	108
LGPS	(205)	(148)
	39,327	(2,446)
Total pension cost for year (charged to staff costs in the Statement of Comprehensive Income and Expenditure as per Note 7)	51,210	9,163
	Year Ended 31 July 2019 £'000	Year Ended 31 July 2018 £'000
Net interest charge on pension schemes in the Statement of Comprehensive Income and Expenditure		
USS	450	425
KSS	979	968
LGPS	14	25
	1,443	1,418
Total net interest charge on pension schemes in the Statement of Comprehensive Income and Expenditure (as per note 9)	1,443	1,418
	Year Ended 31 July 2019 £'000	Year Ended 31 July 2018 £'000
Actuarial (gain) / loss in respect of pension schemes in the Statement of Comprehensive Income and Expenditure		
KSS	712	(81)
LGPS	(1)	(316)
	711	(397)
Total actuarial (gain) / loss in respect of pension schemes in the Statement of Comprehensive Income and Expenditure	711	(397)

The pension scheme liability on the Balance Sheet is disclosed in note 21.

(i) The Universities Superannuation Scheme (USS)

The University participates in USS, which is the main scheme covering most staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. The total cost charged to salaries in the Statement of Comprehensive Income and Expenditure is £50,612k (2018: £8,561k). Also, interest was charged of £450k (2018: £425k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete. Since the institution cannot identify its share of Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)

Discount rate (forward rates)

Term dependant

Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32%

Years 11-20: CPI + 2.56% reducing linearly to CPI +1.7% by year 21

Years 21+: CPI +1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table

2017 valuation

Pre-retirement:

71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.

Post-retirement:

96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.

Future improvements to mortality

CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

In the prior year, the deficit payments were 2.1% of salaries up to March 2031. A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5.0% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The University has a provision of £60.6m (2018: £20.6m) for USS on the balance sheet. The three significant judgement areas used to calculate the University provision are changes in University staff numbers going forward, estimated pay increases going forward and the discount rate of 1.60% (2018: 2.18%) used to calculate the University's share of the deficit. The discount rate is based on the rate issued by Mercers in their workings for the sector through BUFDG.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%. Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2.0% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6.0% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £32.1m, a decrease of £28.5m from the current year end provision.

(ii) Keele Superannuation Scheme (KSS)

The KSS is a final salary defined benefit scheme in the United Kingdom that pays out pensions at retirement based on service and final pay, with the assets held in separate trustee-administered funds. The employer cash contribution made for the year ended 31 July 2019 was £1,240k (2018: £1,053k), with £200k (2018: £262k) of expenses paid by the University on behalf of the Scheme. This includes £nil (2018: £nil) outstanding contributions at the balance sheet date.

In 2013, it was decided to close KSS to future service benefit accrual and to transfer active members to USS. Therefore, no further contributions by either members or the University have been made in this financial year, with the exception of the deficit funding contributions paid by the University in line with the recovery plan agreed between the University and the KSS Trustees that began in November 2015.

Assumption

The following information is based upon a full actuarial valuation of KSS at 1 August 2017.

The principal financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2019 %pa	At 31 July 2018 %pa
Discount rate	2.20	2.85
Rate of increase in salaries	3.40	3.20
Price Inflation (RPI)	3.40	3.20
Price Inflation (CPI)	2.65	2.45
Rate of increase of pensions in payment and deferred pensions:		
Pre 1 August 2001 Service	4.20	4.10
1 August 2001 to 30 November 2006 Service	3.30	3.20
Post 1 December 2006 Service	2.10	2.00
Commutation allowance (Members commute % of their pension)	25%	25%

No allowance has been assumed for early retirement.

The most significant non-financial assumption is the assumed level of longevity. The table below shows life expectancy assumptions (in years) used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Current Pensioner aged 65 (Male)	Non-pensioner currently aged 45 (Male)	Current Pensioner aged 65 (Female)	Non-pensioner currently aged 45 (Female)
At 31 July 2019	22	23	23	25
At 31 July 2018	22	24	24	27

The actuarial tables used for this are 102% S2PA with CMI 2018 improvements trending to 1.25% (2018: 102% S2PA with CMI 2015 improvements trending to 1.25%).

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets of KSS

The assets in the scheme were:

	Fair value as at 31 July 2019 £'000	Fair value as at 31 July 2018 £'000
Equities / Return seeking Funds	17,086	17,585
Corporate bonds	12,560	12,063
Cash	93	10
Total	29,739	29,658

The scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of the amount shown in the balance sheet for KSS		
Scheme assets	29,739	29,658
Scheme liabilities	(65,200)	(64,600)
Deficit in the scheme – recorded within pension provisions (note 21)	(35,461)	(34,942)
Total operating charge		
Staff costs and administrative expenses	268	283
Analysis of the amount charged to interest payable for KSS		
Interest on net deficit	979	968
Total profit and loss charge before deduction for tax	1,247	1,251
	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Analysis of other comprehensive income for KSS:		
Experience gain on assets	1,035	(1,146)
Loss on liabilities	(1,747)	1,227
Total other comprehensive income before deduction for tax	(712)	81
	At 31 July 2019 £'000	At 31 July 2018 £'000
Cumulative actuarial loss recognised as other comprehensive income for KSS		
Cumulative actuarial losses recognised at the start of the year	14,495	14,576
Cumulative actuarial losses recognised at the end of the year	(15,207)	(14,495)
Analysis of movement in deficit for KSS		
Deficit at beginning of year	(34,942)	(35,087)
Contributions paid by the University	1,240	1,053
Administration expenses paid by the University	200	262
Total operating charge	(268)	(283)
Other finance charges	(979)	(968)
Deficit at end of year	(35,461)	(34,942)

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of movement in the present value of KSS liabilities		
Present value of KSS liabilities at the start of the year	64,600	65,700
Total operating charge	268	283
Interest cost	1,799	1,816
Actuarial loss	1,747	(1,227)
Actual benefit payments	(2,946)	(1,689)
Administration expenses paid by KSS	(268)	(283)
Present value of KSS liabilities at the end of the year	65,200	64,600

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	29,658	30,613
Expected return on assets	820	848
Actuarial gain on assets	1,035	(1,146)
Contributions paid by University	1,240	1,053
Administration expenses reimbursed by the University	200	262
Actual benefit payments	(2,946)	(1,689)
Administration expenses paid by KSS	(268)	(283)
Fair value of scheme assets at the end of the year	29,739	29,658

KSS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Actual return on Scheme assets		
Expected return on assets	820	848
Actuarial gain on assets	1,035	(1,146)
Actual return on Scheme assets before administration expenses	1,855	(298)
Administration expenses	(268)	(283)
Actual return on Scheme assets before administration expenses	1,587	(581)

The University expects to contribute in the region of £1,600k to the scheme in the next year, through deficit contributions and expenses payments.

(iii) Local Government Pension Scheme (LGPS)

The LGPS is a defined benefit statutory scheme in the United Kingdom, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. Until 31 March 2016, it was contracted out of the State Second Pension. The employer contribution (including contributions in respect of unfunded benefits) made for the year ended 31 July 2019 was £251k (2018: £207k). This includes £nil (2018: £nil) outstanding contributions at the balance sheet date.

For the year ended 31 July 2019, the University has been contributing at a rate of 29.8% from 1 August 2018 to 31 March 2019 and 32.0% from 1 April 2019, with agreed lump sum contributions to the scheme of £203k for the year to 31 March 2019 and £264k for the year to 31 March 2020. Employee contributions were tiered at 6.50% and 6.80% of pensionable salaries.

Assumptions

The following information is based upon a full actuarial valuation of LGPS as at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary. There is an allowance for the impact of the recent McCloud ruling. This impact has been allowed for in the Employer's past service cost, which includes £14k for the estimated impact of this.

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes on guaranteed minimum pension benefits ("GMP"). The LGPS scheme actuary does not consider that a "trigger event" has yet occurred in the LGPS, and so no impact of GMP has been included in the July 2019 figures.

The principal financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2019 %pa	At 31 July 2018 %pa
Discount rate	2.10	2.70
Price Inflation (RPI)	3.50	3.40
Price Inflation (CPI)	2.50	2.40
Rate of increase in salaries	2.90	2.80
Rate of increase of pensions	2.50	2.40
Commutation allowance (Members commute % of their pension)		
pre-April 2008 service	50%	50%
post-April 2008 service	75%	75%

The most significant non-financial assumption is the assumed level of longevity. The table below shows future life expectancy assumptions (in years) used in the accounting assessments based on the life expectancy of male and female members.

	Current Pensioner aged 65 (Male)	Non-pensioner currently aged 45 (Male)	Current Pensioner aged 65 (Female)	Non-pensioner currently aged 45 (Female)
At 31 July 2019	21.1	22.2	23.5	24.8
At 31 July 2018	22.1	24.1	24.4	26.4

Life expectancy is based on the fund's VitaCurves with improvements in line with the CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets of LGPS

The assets in the scheme were:

	Fair value as at 31 July 2019 £'000	Fair value as at 31 July 2018 £'000
Equities / Return Seeking Funds	3,130	2,914
Corporate bonds	907	749
Property	363	333
Cash	136	166
Total	4,536	4,162

The scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of the amount shown in the balance sheet for LGPS		
Scheme assets	4,536	4,162
Scheme liabilities	(4,946)	(4,764)
Deficit in the scheme – recorded within pension provisions	(410)	(602)
Current service cost	32	59
Past service costs	14	-
Total operating charge	46	59

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of the amount charged to interest payable for LGPS		
Interest income on net assets	(112)	(99)
Interest cost on defined benefit obligation	126	124
Net charge to other finance income	14	25
Total profit and loss charge before deduction for tax	60	84
Analysis of other comprehensive income for LGPS:		
Experience gain on assets	249	250
Experience loss on liabilities	(1)	-
Change in demographic assumptions	241	-
Change in financial assumptions	(488)	66
Total other comprehensive income before deduction for tax	1	316
	At 31 July 2019 £'000	At 31 July 2018 £'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	(881)	(565)
Cumulative actuarial losses recognised at the end of the year	882	881
Analysis of movement in deficit for LGPS		
Deficit at beginning of year	(602)	(1,041)
Contributions or benefits paid by the University	251	207
Current service cost	(46)	(59)
Past service cost	-	-
Other finance charges	(14)	(25)
Deficit at end of year	(410)	(602)
	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	4,764	4,859
Current service cost	46	59
Interest cost	126	124
Actuarial loss	248	(66)
Contributions paid by scheme members	5	11
Actual benefit payments	(243)	(223)
Administration expenses paid	-	-
Present value of LGPS liabilities at the end of the year	4,946	4,764

	At 31 July 2019 £'000	At 31 July 2018 £'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	4,162	3,818
Expected return on assets	112	99
Actuarial gain on assets	249	250
Actual contributions paid by University	251	207
Contributions paid by scheme members	5	11
Actual benefit payments	(243)	(223)
Administration expenses paid	-	-
Fair value of scheme assets at the end of the year	4,536	4,162

LGPS assets do not include any of the University's own financial instruments, or any property occupied by the University.

	Year to 31 July 2019 £'000	Year to 31 July 2018 £'000
Actual return on Scheme assets		
Expected return on assets	112	99
Actuarial gain on assets	249	250
Actual return on Scheme assets before administration expenses	361	349
Administration expenses	-	-
Actual return on Scheme assets before administration expenses	361	349

The University expects to contribute in the region of £287k to the scheme in the next year through deficit contributions and on-going service costs.

(iv) National Health Service Pension Scheme (NHSPS)

The University also participates in the National Health Service Pension Scheme (NHSPS) which is contracted out of the State Second Pension (S2P). The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permit individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections).

The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme, where the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The contribution rate payable by the University during the year (2018 – 14.30%) was equal to 14.30% (plus a 0.08% scheme administration levy) to 31 March 2019 of the total pensionable salaries. Following a recent consultation, the Department of Health and Social Care has confirmed that the employer contribution rate will increase from 14.30% to 20.60% per cent (20.68% including the 0.08% scheme administration levy) from 1 April 2019. The increase is required to meet the cost of scheme benefits, following advice from the Government Actuary's Department as part of the 2016 scheme valuation process. Employers who are outside of this scope will receive additional funding to meet part of the cost increase but will need to cover the remaining proportion of the cost increase relating to changes announced in Budget 2016. This includes University medical schools. The University has accrued £46k at year end to reflect additional costs related to this.

31. Events after the reporting period

As set out in Note 30 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. All other things being equal, this would result in a decrease of £28.5m in the provision for the obligation to fund the deficit on the USS pension which would instead be £32.1m. The adjustment relating to the Schedule of Contributions based on the 2018 actuarial valuations will be reflected in the University's Financial Statements for the year ended 31 July 2020.

Council Members and Professional Partners

The following were members of Council for the period from 1 August 2018 to the date the Financial Statements were approved (unless noted):

Council Members

Members Ex-Officio

The Pro-Chancellor

R. Findlay BSc, FCA, MCTDip
(until 31 August 2018)
Dame J. Williams
(from 1 September 2018)

The Deputy Pro-Chancellors

R. Barnes
S. Bucknell
(from 1 September 2018)
R. Callaway
Professor A. Ulph
(until 31 August 2019)

The Vice-Chancellor

Professor T. J. McMillan
BSc, PhD, Hon MRCP, Hon FRCP

The Treasurer

A. Crouch (until 31 August 2018)
D. Hall FCA (from 1 September 2018)

The Deputy Vice-Chancellor

Professor R. M. Ormerod

Members of University Staff

Professor P. Andras
E. Colley (from 1 September 2019)
Professor N. Forsyth
V. Hooper (until 31 August 2019)
Dr R. Leach

Lay Members appointed by the Council

R. Bagley (from 1 September 2018)
D. Brown (from 1 September 2019)
S. Bucknell
(appointed Deputy Pro-Chancellor
1 September 2018)
P. Clark
A. Harris
S. Hashmi
M. Lukha
S. Ramery (until 31 August 2019)
S. Schaefer
Dr L. Thompson (from 1 September 2019)
Professor A. Ulph
Dame J. Williams
(appointed Pro-Chancellor
1 September 2018)

Student Representatives

G. Blake (from 1 July 2018-30 June 2019)
T. Snape (until 30 June 2019)
A. Holden (from 1 July 2019)
K. Charlton (from 1 July 2019)

In attendance

Director of Finance

R. Eastwood, BA, FCA (until 19 April 2019)
P. W. Buttery (from 20 April 2019)

Secretary to Council

Dr H. Galbraith

Professional Partners

External Auditors

KPMG LLP
1 St Peters Square, Manchester M2 3AE

Bankers

Royal Bank of Scotland
High Street, Newcastle-under-Lyme,
Staffordshire ST5 1PP

Internal Auditors

UNIAC
Oxford Road, Manchester M1 7ED

University Status

The University of Keele (trading as Keele University) was established by Act of Parliament and the granting of a Royal Charter in 1962. Prior to this, the University was founded as the University College of North Staffordshire in 1949.

The University is a charity but it is not a "Registered Charity". Instead it holds charity status as one of the exempt charities listed in Schedule 2 of the Charities Act 1993 (An exempt charity is exempt from certain requirements, notably the need to register with the Charity Commission). The University preserves its exempt status under the Charities Act 2006 and the Office for Students (OfS) is the University's principal regulator.

Although the University is not a company, it has a Companies House registration number of RC000655 as a Company Incorporated by Royal Charter in England and Wales. Royal Charter companies are not obliged to register any documents with Companies House.



