

University of London:
Central Institutes and Activities



Financial Report and Accounts
for the year to 31 July 2005

MISSION STATEMENT OF THE UNIVERSITY CENTRALLY

- To support and assist the Colleges, their staff and students in their own missions.
- To provide a range of services of benefit to the Colleges, their staff and students.
- To maintain, through the Colleges collectively, the highest international standards of the University of London Degrees and in the appointment of Professors and Readers.
- To facilitate co-operation, collaboration and other mutually beneficial links among the Colleges and other parts of the federation.
- To achieve the highest international standards in teaching and research in the academic activities centrally – the University of London Institute in Paris, the School of Advanced Study and the University Marine Biological Station.
- To serve the academic communities of the federation, region, nation and beyond through the work of the School of Advanced Study and the University of London Research Library Services.
- To represent and promote the views and interests of the Colleges and the federation and to articulate and reinforce – regionally, nationally and internationally – the particular kind of higher education to which the University and the Colleges are dedicated.
- To make available, in conjunction with the Colleges, awards of the University of the highest academic standards throughout the UK and overseas through the External System.
- To manage its resources, including the Estate, efficiently for the benefit of the federation.

For further information on any matter covered in this publication, please contact the Central Secretariat, University of London, Senate House, London WC1E 7HU (telephone 020 7862 8013) or visit the website at <http://www.lon.ac.uk>

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University of London

Financial Report and Consolidated Accounts

2004-2005

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Financial Report 31 July 2005

The Financial Statements presented to Council comprise the consolidated results of the University of London and its principal trading subsidiary Senate House Services Ltd.

The Consolidated Income and Expenditure and result for the year to 31 July 2005 are summarised as follows:

	2004-05 £'000	2003-04 £'000
Income	105,446	99,456
Recurrent Expenditure	(102,959)	(98,611)
Operating surplus before planned appropriations from Reserves	2,487	845
Expenditure financed by planned appropriations from Reserves	(1,808)	(1,410)
Exceptional items	(3,774)	3,127
(Deficit)/Surplus	(3,095)	2,562

The University has continued its policy of using its reserves and in particular those of the External Programme to support the development of new distance learning courses by Colleges and this expenditure is included in gross expenditure of £104,767k.

The net exceptional items of £3,774k reported in note 9 comprise a number of different events. Firstly there is a charge of £5,500k which is part of the process whereby the University is being redeveloped to meet both the funding challenges in the future and the immediate problems of substantial backlog maintenance for which it will get no financial contribution from the Higher Education Funding Council for England. The University will pay £5,500k to University College, London on their vacation of the North Block of Senate House to provide the necessary decanting space to enable the essential refurbishment work to be done in the South Block of Senate House. These costs are offset by the unrealised gain on revaluation of long term investments (£1,431k) and property disposals (£295k).

The total recognised gain for the year was £7,158k (2004 £6,831k).

The University receives funding from the Higher Education Funding Council for England comprising:

	2004-05 £'000	2003-04 £'000
Teaching Funds	1,797	1,400
Research Funding	114	130
Special and other Funding	8,775	8,721
	10,686	10,251

The Colleges pay a Subscription for the activities detailed in Ordinance 9. The Subscription for 2004-05 was £3,390k (2003-04 £3,282k). The Subscription for 2005-06 has been agreed at £3,515k. A Working Group drawn from the members of the Heads of Colleges Committee will review in 2005-06 the scope and content of the activities covered by the Subscription and it will also be informed of the recommendations being made by the Corporate Reorganisation Implementation Board which was set up to review the way in which the Central University goes about its corporate business. In the past year Stewart House reverted to University occupation and following refurbishment most of the central University activities will be relocated there allowing the sale to Colleges of vacated Georgian terraced houses on the Bloomsbury Precinct. In addition the Union Building is being refurbished and the Careers Group, in part, and the Accommodation Office will relocate there, thus consolidating student facing services in one area.

The reviews currently in progress, together with my own consultation on the future shape of the Federal University, will provide the basis for the Subscription in future years.

Planning consent has been obtained for the redevelopment of the College Hall site and it was handed over to the builders in October 2005. Agreement has been reached with the Royal Bank of Scotland on the necessary long term finance facility. The refurbished accommodation will be available in July 2007.

The University held two investment portfolios namely the Unified Trust Fund, which comprises the endowment assets of the University, and the Total Returns Fund, originally £24,000k representing the free reserves of the University. However, the Finance Committee and the Investments Committee recognised that the University was faced with significant expenditure in the next two years on the infrastructure of Senate House and decided that rather than borrow further to do the work which would be partly financed by the disposal of properties vacated following consolidation into the reduced number of core buildings it was more appropriate to realise the Total Returns Fund. This was done in July and August 2005 and realised £24,604k.

The Unified Trust Fund has performed well in the year with a distribution of 22 pence per unit and a unit valuation at 31 July 2004 of £4.5897 rising to £5.4291 at 31 July 2005. The University obtained an Order from the Charity Commission permitting the Fund to be managed on a total returns basis. In consequence the Investments Committee have set a distribution objective for 2005-06 of 23 pence per unit.

Overall the financial position of the University remains sound and it has the necessary resources for the future. In consequence the financial statements are prepared on a going concern basis and reflect the continuing business of the University.

The next two years will be challenging for the organisation as it continues to re-order itself to meet the changed role following the completion of the Corporate Reorganisation which is intended to engender greater internal cohesion within the modern working environment made possible by the works being done in Stewart House and Senate House. I therefore record my appreciation of the willing commitment given by the members of the University team and I would also express my appreciation of the support given to me and to the University by the members of Council and its Committees.

In May 2005 the Audit Committee reviewed the arrangements for External Audit in accordance with the Higher Education Funding Council for England's Audit Code of Practice. As a result Deloitte & Touche LLP were appointed for 2005-06 in place of Knox Cropper who had served the University for over 100 years. I would like to pay tribute to the way in which they have served the University and express my thanks to the many partners and staff who have contributed during that time.

Sir Graeme Davies
Vice-Chancellor
7 December 2005

Corporate Governance Statement

The University of London is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2005, the University has been in compliance with all the Code provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to universities. The University also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales issued by the Committee of University Chairmen.

The University Council comprises *ex officio* members, including Heads of Colleges, lay persons appointed under the University Statutes and academic and student members elected in accordance with the Ordinances; the majority of members of the Council are non-executive. The rôles of Chairman and Deputy Chairman of the Council are separated from the rôle of the University's chief executive, the Vice-Chancellor. The matters specially reserved to the Council for decision are set out in the Statutes of the University and under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The University Council is responsible for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from executive officers on the day-to-day operations of its business and its associated activities.

The Council normally meets three times a year. Its statutory committees are the Senate and the Estates Committee. Other committees of the Council are the Finance Committee, the Governance Committee, the Nominations Committee, the Human Resources Committee, the Remuneration Committee, the Audit Committee and the Investments Committee.

The Senate is responsible for the determination of academic policy.

The Estates Committee, on which lay members of Council are in the majority, has the obligation under the Statutes (subject to consultation with Council on policies for promoting the purposes of the University, encouraging cooperation between Colleges in academic matters, and making the most effective use of resources) to exercise Council's powers to sell, buy, exchange, lease and accept leases of property, or borrow money on behalf of the University on security of property of the University.

The Finance Committee *inter alia* reviews estimates of income and expenditure before the start of each academic year to provide assurance to the Council on their viability. It also recommends to the Council the adoption of the audited Annual Accounts.

The Governance Committee is responsible for recommending to Council changes to the Statutes and Ordinances and to the constitution, membership and terms of reference of Council committees.

The Nominations Committee considers nominations for lay vacancies on the Council.

The Human Resources Committee considers, approves and monitors matters of personnel policy.

The Remuneration Committee determines the remuneration of the Vice-Chancellor and other senior staff.

The Audit Committee meets at least twice a year to receive the reports of the External Auditors, to approve the plan of work, based on an internal assessment of risk, for the Internal Audit Providers and to review their subsequent reports together with recommendations for improvements to the University's systems of internal control and management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. The Committee reviews in detail the University's annual financial statements together with the accounting policies. Whilst senior officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The External and Internal Auditors have access at all times to the Chairman of the Committee.

The Investments Committee is responsible for matters relating to the investments of the University, including recommending to the Finance Committee the appointment of investment managers.

Responsibilities of the University Council

In accordance with the Statutes, the Council of the University is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present consolidated audited financial statements 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's Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the University, the Council, through its designated office holder (the Vice-Chancellor), 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 the year.

In causing the consolidated financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council has from time to time prescribed;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative units;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Council; and
- the Internal Audit Provider, whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Council, has reviewed the effectiveness of the University's system of internal control. Any system of internal financial control can, however, provide only reasonable but not absolute assurance against material mis-statement or loss.

Statement of Internal Control

As the Governing Body of the University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Council in the University of London 1994 Act and Statutes, and the Financial Memorandum with the HEFCE.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2005 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- (i) We meet three times a year to consider the plans and strategic direction of the University.
- (ii) We receive periodic reports from the Chairman of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- (iii) We have established a Risk Committee, reporting to the Audit Committee, to oversee risk management.
- (iv) The Audit Committee receives regular reports from the internal audit service, which includes its independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- (v) Facilitated workshops are held to identify and to keep up to date the record of risks facing the University.
- (vi) A programme of risk awareness training.
- (vii) A system of key performance risk indicators has been developed.
- (viii) A robust risk prioritization methodology based on risk ranking and cost-benefit analysis has been established.
- (ix) An organisation-wide risk register is maintained.
- (x) Reports are received from budget holders, department heads and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is informed by the internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice. This externally provided service is comparable to the previous internal audit service, which was last reviewed for effectiveness by the HEFCE Audit Service in August 2001. The internal audit service submits regular reports which include its independent opinion on the adequacy and effectiveness of our system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Report of the Independent Auditors, Knox Cropper, to the Council of the University of London

We have audited the financial statements of the University of London for the year ended 31 July 2005, which comprise the revenue account, the balance sheets, the cashflow statement, the statement of total recognised gains and losses and the related notes.

These financial statements were prepared under the historic cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the Council of the University, as a body, in accordance with the Financial Memorandum with the Higher Education Funding Council for England. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University Council and Auditors

As described on pages 5 and 6, the University Council is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether, in our opinion monies expended out of funds from whatever source administered by the University for specific purposes were properly applied for those purposes and where relevant managed in accordance with appropriate legislation and whether monies expended out of funds provided by the Higher Education Funding Council for England were applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Financial Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- a the financial statements give a true and fair view of the state of affairs of the University and the group at 31 July 2005 and of the group's deficit after exceptional items, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education;
- b in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- c in all material respects, income has been applied in accordance with the University's Statutes and, where appropriate, in accordance with the Financial Memorandum with the Higher Education Funding Council for England dated 1 October 2003.

16 New Bridge Street
London EC4V 6AX
7 December 2005

Knox Cropper
Chartered Accountants
Registered Auditors

Statement of the University's Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the University and its principal subsidiary undertaking Senate House Services Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the University of London Union have not been consolidated because the University does not control those activities.

Related Party Transactions

The University is partly funded by subscriptions from the Colleges within the federation and by charges for specific services supplied by the University to Colleges. Heads of Colleges within the federation are *ex officio* members of the Council of the University. These are not related parties because of the autonomy of the Colleges, which are independent corporate bodies.

Taxation

The University is an exempt charity under Schedule 2 to the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax.

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

Foreign Currencies

Transactions made in foreign currency are recorded at the rate of exchange ruling at the date of the transaction, except that transactions made by the University of London Institute in Paris in euros and recorded initially in the accounting record maintained in Paris are recorded in the accounts at the year-end rate.

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the year-end rate, and gains and losses arising on conversion are dealt with in the Consolidated Revenue Account.

Recognition of Income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Other General Income

Academic and non academic services provided by the University Library, the Careers Service, the Computer Centre, the Institutes and departments of the central administration.

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Other Services Rendered

Services are provided at cost by the London and Kent Surrey Sussex Deaneries to the National Health Service Executive.

Land and Buildings

Land and Buildings are stated at cost less amounts written off to reflect permanent diminution in value.

Depreciation is charged on the capital cost or valuation of the buildings. Freehold properties (excluding land value) are depreciated at 1 per cent. per annum straight line and leasehold properties are depreciated at the amount necessary to write off the value of the asset over the remaining period of the lease. Refurbishment of buildings is capitalised and written off over 20 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Works of Art and other items

The University has received gifts and bequests of works of art, library collections and other decorative items and has also purchased works of art with funds from specific benefactions and public grants. It is inappropriate to value these assets in these accounts as they were not made available to be sold for the benefit of the University.

Other Tangible Assets

Equipment, other than motor vehicles, but including computers and software costing less than £20,000 per individual item or group of related items, is written off in the year of acquisition. All other equipment is capitalised and written off over its estimated useful economic life, namely:

Motor vehicles	3 years
Computing equipment	3 years
Other plant and machinery	3-7 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Investments

Investments are stated at market value.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost or net realisable value, after making due provision for obsolete and slow-moving items.

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Pensions Schemes

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the Scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

The University also participates in the Superannuation Arrangements of the University of London (SAUL), which is a funded defined benefit scheme. The scheme is contracted-out of the State Second Pension. The scheme is valued formally every three years by professionally qualified and independent actuaries using the projected unit method. Reviews of the scheme's position are carried out in the period between valuations.

The University contributes to the National Health Service Superannuation Scheme, an unfunded defined benefit scheme for the academic and non-academic staff at the London and KSS Deaneries.

The University contributes to the French State Social Security System, an unfunded contribution scheme for the academic and non-academic staff at the University of London Institute in Paris.

The requirement to comply fully with FRS 17 - Retirement Benefits was to become effective for accounting periods ending on or after 22 June 2003, however the transitional arrangements have been extended. The University continues to comply with SSAP 24.

Consolidated Revenue Account

for the year ended 31 July 2005

Note	2005		2004	
	£'000	£'000	£'000	£'000
	Income			
1		10,939		10,505
2		2,692		2,758
3		2,547		2,397
4		65,345		60,583
5		19,402		19,471
6		4,521		3,742
		105,446		99,456
	Expenditure			
8	(47,718)		(43,963)	
	(52,746)		(52,291)	
10	(3,038)		(2,646)	
	(1,265)		(1,121)	
7		(104,767)		(100,021)
	Operating Surplus/(Deficit) on continuing operations after depreciation of assets at cost		679	(565)
9	Exceptional Items		(3,774)	3,127
	(Deficit)/Surplus after exceptional items		(3,095)	2,562
	(Deficit)/Surplus funded by:			
	University of London		(3,032)	2,591
	Subsidiary		(63)	(29)

The activities reported in the Consolidated Revenue Account represent continuing activities.

Balance Sheets

as at 31 July 2005

Note	Consolidated		University		
	2005 £'000	2004 £'000	2005 £'000	2004 £'000	
	Fixed Assets				
10	Tangible Assets	101,489	85,460	100,160	83,445
11	Investments	10,020	24,851	10,020	24,851
		111,509	110,311	110,180	108,296
11	Endowment Assets	57,854	48,870	57,854	48,870
	Current Assets				
12	Stocks	1,520	1,438	1,492	1,409
13	Debtors	8,759	8,906	8,023	8,321
	Short Term Deposits	15,320	5,040	15,320	5,040
	Cash at Bank and in Hand	1,503	9,882	1,500	9,879
		27,102	25,266	26,335	24,649
14	Creditors: Amounts falling due within one year	(26,156)	(19,618)	(24,136)	(17,125)
	Net Current Assets	946	5,648	2,199	7,524
	Total Assets less Current Liabilities	170,309	164,829	170,233	164,690
15	Creditors: Amounts falling due after more than one year	(22,010)	(23,355)	(22,010)	(23,355)
16	Provision for Liabilities and Charges	(1,224)	(1,224)	(1,224)	(1,224)
		147,075	140,250	146,999	140,111
	Represented by:				
17	Deferred Capital Grants	18,626	18,959	18,626	18,959
18	Specific Endowments	57,854	48,870	57,854	48,870
	Revaluation Reserve	1,269	-	1,269	-
19	Reserves	69,326	72,421	69,250	72,282
		147,075	140,250	146,999	140,111

C J Perrin
Chairman - Finance Committee

J E A Morgan
Director of Finance

Sir Graeme Davies
Vice Chancellor
7 December 2005

Statement of Consolidated Total Recognised Gains and Losses for the year ended 31 July 2005

Note	2005 £'000	2004 £'000
	(3,095)	2,562
11	7,828	1,684
	1,269	-
18	299	279
18	857	2,306
	7,158	6,831
	121,291	114,460
	128,449	121,291

Consolidated Cash Flow Statement for the year ended 31 July 2005

Note	2005 £'000	2004 £'000
22	323	(654)
23	3,555	2,900
24	(463)	(1,195)
	3,415	1,051
	(10,518)	(2,677)
25	(1,308)	6,548
26	(8,411)	4,922

Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt) for the year ended 31 July 2005

Note	2005 £'000	2004 £'000
26	(8,411)	4,922
26	10,518	2,677
26	1,308	(6,548)
	3,415	1,051
	(3,127)	(4,178)
	288	(3,127)

Notes to the Accounts

for the year ended 31 July 2005

1 Grants from the Higher Education Funding Council for England (HEFCE)

	2005 £'000	2004 £'000
Recurrent grants	10,686	10,251
Release of deferred capital grant: Buildings and equipment (note 17)	253	254
	10,939	10,505

2 Academic Fees

	2005 £'000	2004 £'000
Institutes' tuition fees	1,208	1,182
Certificate and Diploma courses at the University of London Institute in Paris	1,484	1,576
	2,692	2,758

3 Research Grants and Contracts

	2005 £'000	2004 £'000
Research Councils	645	639
UK-based charities	550	393
UK Government	560	825
European Community	154	127
Other overseas	638	413
	2,547	2,397

4 Other Operating Income

	2005 £'000	2004 £'000
Colleges: Subscriptions and Charges	9,183	8,746
Residences and Catering - Direct Income	15,982	13,800
Estates Revenue	2,797	3,106
Other General Income	13,837	13,998
External Programme fees	22,424	20,087
Examination Services for Colleges	1,017	749
Deferred Capital Grants (note 17)	105	97
	65,345	60,583

5 Other Services Rendered

	2005 £'000	2004 £'000
Services provided at cost to the National Health Service Executive by London and KSS Deaneries	19,402	19,471

6 Endowment and Investment Income

	2005 £'000	2004 £'000
Transferred from Specific Endowments	2,124	2,074
Other Interest Receivable	2,397	1,668
	4,521	3,742

7 Expenditure by Activity

	Staff costs £'000	Other operating costs £'000	Depreciation £'000	Interest £'000	2005 £'000	2004 £'000
Academic Departments	6,964	2,713	122	59	9,858	9,415
Academic Services	8,292	5,261	256	-	13,809	12,920
External Programme	4,761	15,553	-	-	20,314	18,861
Central Services	4,999	2,190	-	-	7,189	6,671
General Educational Expenses	566	3,340	-	-	3,906	3,416
Staff and Student	2,691	2,081	-	-	4,772	4,488
Maintenance	1,552	2,432	1,181	12	5,177	6,158
Residences and Catering	2,263	12,416	1,479	1,194	17,352	15,998
Research Grants	1,331	981	-	-	2,312	2,060
Other Services Rendered (note 5)	14,299	5,103	-	-	19,402	19,471
Other	-	676	-	-	676	563
	47,718	52,746	3,038	1,265	104,767	100,021

	2005 £'000	2004 £'000
Included in Central Services are:		
External Auditors' Remuneration – external audit	51	53
– other services	14	13
Internal Auditors' Remuneration – internal audit	99	112

8 Staff Remuneration

	2005 £'000	2004 £'000
Wages and Salaries	39,567	36,723
National Insurance	3,546	3,226
Superannuation	4,605	4,014
	47,718	43,963
Emoluments of the Vice-Chancellor		
Sir Graeme Davies (Appointed 1 October 2003)	135	108
Professor G J Zellick (Retired 30 September 2003)	-	21

8 Staff Remuneration - continued

	2005	2004
	Number of staff	Number of staff
Average staff numbers by category		
Teaching and Research	100	101
Centrally provided services	844	840
London and KSS Deaneries	259	254
	1,203	1,195

Remuneration of other higher paid staff in bands commencing at £70,000, excluding employer's superannuation contributions:

		2005	2004
		Number of staff	Number of staff
£70,000 - £79,999	University	8	3
	London and KSS Deaneries	4	5
£80,000 - £89,999	University	2	2
	London and KSS Deaneries	5	4
£90,000 - £99,999	University	2	1
	London and KSS Deaneries	-	-
£100,000 - £109,999	University	-	1
	London and KSS Deaneries	1	-
£120,000 - £129,999	University	1	-
	London and KSS Deaneries	3	2
£130,000 - £139,999	London and KSS Deaneries	-	1
£140,000 - £149,999	London and KSS Deaneries	-	1
£150,000 - £159,999	University	1	-
	London and KSS Deaneries	1	-
£200,000 - £209,999	University	1	-

Included in the remuneration of other higher paid staff are compensation payments

	2005	2004
	£'000	£'000
Compensation paid to former post holders		
University	268	-

9 Exceptional Items

	2005 £'000	2004 £'000
Payment on the surrender of Senate House, North Block	(5,500)	-
Unrealised gain on revaluation of long term investment assets	1,431	186
Profit on sale of properties in Bloomsbury	295	10,661
Loss on transfer of property to Courtauld Institute of Art	-	(7,496)
Transfer of Institute and Activity reserves to third parties	-	(224)
	(3,774)	3,127

10 Tangible Fixed Assets

10a Consolidated

	Land and Buildings				Computers £'000	Other Equipment £'000	Total £'000
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Refurbish- ment £'000			
Cost							
1 August 2004	57,940	407	1,797	33,209	2,291	4,893	100,537
Additions during year	832	-	-	18,026	214	-	19,072
Disposals during year	(5)	-	-	-	(24)	(37)	(66)
31 July 2005	58,767	407	1,797	51,235	2,481	4,856	119,543
Accumulated Depreciation							
1 August 2004	4,489	61	471	6,502	1,830	1,724	15,077
Charge for year	476	4	30	1,929	272	327	3,038
Disposals during year	-	-	-	-	(24)	(37)	(61)
31 July 2005	4,965	65	501	8,431	2,078	2,014	18,054
Net Book Value 31 July 2005	53,802	342	1,296	42,804	403	2,842	101,489
Net Book Value 31 July 2004	49,941	346	1,326	30,217	461	3,169	85,460

10b University

	Land and Buildings				Computers £'000	Other Equipment £'000	Total £'000
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Refurbish- ment £'000			
Cost							
1 August 2004	57,940	407	1,797	32,147	290	3,300	95,881
Additions during year	832	-	-	18,522	-	-	19,354
Disposals during year	(5)	-	-	-	(24)	(37)	(66)
31 July 2005	58,767	407	1,797	50,669	266	3,263	115,169
Accumulated Depreciation							
1 August 2004	4,489	61	471	6,231	169	1,015	12,436
Charge for year	476	4	30	1,879	61	184	2,634
Disposals during year	-	-	-	-	(24)	(37)	(61)
31 July 2005	4,965	65	501	8,110	206	1,162	15,009
Net Book Value 31 July 2005	53,802	342	1,296	42,559	60	2,101	100,160
Net Book Value 31 July 2004	49,941	346	1,326	29,426	121	2,285	83,445

10c Consolidated and University

Freehold properties with a net book value, including capitalised refurbishment, of £31,124,000 have been charged to National Westminster Bank plc as security for long term loans. See note 15.

11 Consolidated and University Investments

11a At Market Value

	2005			2004		
	Endowment Investments £'000	Other Investments £'000	Total £'000	Endowment Investments £'000	Other Investments £'000	Total £'000
1 August 2004	42,433	24,851	67,284	38,354	24,906	63,260
Additions at cost	2,132	20,583	22,715	2,734	3,268	6,002
Disposal Proceeds	(1,183)	(38,959)	(40,142)	(330)	(3,742)	(4,072)
Profit/(Loss) on Disposals:						
Current year	1	2,450	2,451	(9)	716	707
Previously recognised	190	(1,605)	(1,415)	6	(483)	(477)
Appreciation on Revaluation	7,638	2,700	10,338	1,678	186	1,864
	51,211	10,020	61,231	42,433	24,851	67,284
Short term deposits and cash	6,643	-	6,643	6,437	-	6,437
31 July 2005	57,854	10,020	67,874	48,870	24,851	73,721
Investments held are analysed as follows:						
Unified Trust Fund holdings	50,883	3,366	54,249	41,268	2,947	44,215
Fixed Interest	-	5,152	5,152	137	7,645	7,782
Equities/Corporate Bonds	328	1,500	1,828	1,028	13,740	14,768
Cash Instruments	-	2	2	-	519	519
	51,211	10,020	61,231	42,433	24,851	67,284

11b At Cost

Unified Trust Fund holdings	24,317	2,003	26,320	22,498	2,103	24,601
Fixed Interest	-	5,143	5,143	140	7,985	8,125
Equities/Corporate Bonds	301	1,603	1,904	840	15,675	16,515
Cash Instruments	-	2	2	-	519	519
	24,618	8,751	33,369	23,478	26,282	49,760

11c Investment in Subsidiary Companies at Cost

The University of London owns 100% of the issued share capital of 1 £1 Ordinary Share of Senate House Services Ltd, a company registered in England and Wales.

The £2 issued share capital of UMBS Enterprises Ltd, a company registered in Scotland, is held in trust for the University of London. UMBS Enterprises Ltd has not traded.

Setoncrest Ltd and Law 646 Ltd, which both have issued share capital of £2 and are owned 100% by the University of London, have not traded in the year.

12 Stocks and Work in Progress

	Consolidated		University	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Stocks - for resale	1,380	1,273	1,365	1,269
- consumables	140	165	127	140
	1,520	1,438	1,492	1,409

13 Debtors and Prepayments

	Consolidated		University	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Amounts receivable ¹	8,272	8,447	7,003	7,211
Prepayments and accrued income	487	459	127	217
Senate House Services Ltd ²	-	-	893	893
	8,759	8,906	8,023	8,321

¹ Includes £920,000 due in more than one year (2004: £1,085,000)

² Includes £893,000 due in more than one year (2004: £893,000)

14 Creditors and Accrued Expenses

	Consolidated		University	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Taxation - Payroll	1,053	1,009	1,053	1,009
- V A T	1,943	1,809	1,930	247
Superannuation Contributions	335	314	335	314
Trade Creditors	17,164	10,040	14,320	8,133
Current portion of long term Bank loan	1,312	1,302	1,312	1,302
Grants received in advance	1,887	1,846	1,887	1,662
Senate House Services Ltd	-	-	1,248	1,633
Other amounts payable	2,462	3,298	2,051	2,825
	26,156	19,618	24,136	17,125

15 Long Term Liabilities

	Consolidated and University	
	2005 £'000	2004 £'000
National Westminster Bank plc	20,960	22,194
SG Leasing Ltd	634	716
Other loans	272	274
Other creditors	144	171
	22,010	23,355

National Westminster Bank plc

The National Westminster Bank plc has made the following loans to the University:

February 1992 £9,000k: To finance the purchase of Student Residences and repayable over 25 years by quarterly instalments. Subsequently, additional payments have been made.

Amount outstanding at 31 July 2005 £2,145k. Amount to be repaid in the year to 31 July 2006 £324k.

August 1997 £157k: To finance building work at the University of London Union and repayable over 10 years by quarterly instalments.

Amount outstanding at 31 July 2005 £35k. Amount to be repaid in the year to 31 July 2006 £16k.

These loans are at a rate of National Westminster Bank plc Base Rate plus 0.5 per cent and are secured by a first legal charge on Clandon House, Clandon Gardens, London N3 and Lillian Penson Hall, Talbot Square, London W2.

January 2003 £20,900k: To finance the refurbishment of Georgian terraced houses and the construction of additional student accommodation on the International Hall site repayable by 31 January 2028. Amount outstanding at 31 July 2005 £20,010k. Amount to be repaid in the year to 31 July 2006 £890k.

The amortising fixed rate loan to 31 January 2028 at a rate of 5.48% is secured by a first legal charge over the freehold of the island site contained by Brunswick Square, Lansdowne Terrace, Guilford Street and Grenville Street, London WC1 together with an assignment of all construction warranties.

SG Leasing Ltd

In February 1991 the University granted a 21 year lease of the former Courtauld Gallery in Woburn Square to University College, London for a payment of £900k. University College, London has entered into a rental agreement with the University which will meet the financing costs incurred by the University over the period of the lease. Repayments are made in accordance with a predetermined schedule and escalate over the period of the loan. In the year to 31 July 2005 interest charged, in accordance with the original schedule, was less than the repayment, reducing the outstanding balance to £716k. Capital expected to be repaid in the next year is £82k which is included in Creditors due within one year.

16 Provisions

	Consolidated and University		
	Balance at 1 August 2004 £'000	Movement £'000	Balance at 31 July 2005 £'000
Pension Provision	1,224	-	1,224
	1,224	-	1,224

17 Deferred Capital Grants

	Consolidated and University		
	Gov't Agencies and HEFCE £'000	Other Grants and Benefactions £'000	Total £'000
1 August 2004	14,702	4,257	18,959
Additions	25	-	25
Less: Released to support depreciation	(253)	(105)	(358)
31 July 2005	14,474	4,152	18,626

18 Specific Endowments

	Consolidated and University £'000
1 August 2004	48,870
Additions	857
Appreciation of Endowment Asset Investments	7,828
Income for the Year and Realised Losses	2,423
Transferred to Revenue Account	(2,124)
31 July 2005	57,854

19 General Reserves

	Consolidated			University		
	2004	Movement during the year	2005	2004	Movement during the year	2005
	£'000	£'000	£'000	£'000	£'000	£'000
Designated Capital	34,835	(4,486)	30,349	34,835	(4,486)	30,349
Academic Institutes	4,338	(314)	4,024	4,338	(314)	4,024
Academic Services	12,251	1,211	13,462	12,386	1,492	13,878
Student Services	880	(1,434)	(554)	880	(1,434)	(554)
Other Services	4,103	527	4,630	1,896	(66)	1,830
Central	17,445	(30)	17,415	19,378	345	19,723
Revaluation Reserve †	(1,431)	1,431	-	(1,431)	1,431	-
	72,421	(3,095)	69,326	72,282	(3,032)	69,250

† Net unrealised revaluation loss on quoted long term investments.

20 Hardship Funds

Note	2005	2004
	£'000	£'000
1 August 2004	-	-
Net Received from HEFCE	10	11
Disbursed to students	(10)	(11)
31 July 2005	-	-

These Funding Council grants are solely for students. The University acts as paying agent. The grants and related disbursements are therefore excluded from the Revenue Account.

21 Operating Lease Commitments

At 31 July the University of London and the group had the following annual commitments under non-cancellable operating leases.

	Land and Buildings		Equipment	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Expiry date				
Less than one year	95	94	-	-
Between one and five years	315	318	-	-
More than five years	97	157	-	-

£92,000 of these commitments are on behalf of and reimbursed by University College, London.

22 Reconciliation of Consolidated Surplus for the Year to Net Cash Inflow/(Outflow) from Operating Activities

Note	2005 £'000	2004 £'000	
	(Deficit)/Surplus on continuing operations after depreciation of assets at cost	(3,095)	2,562
10	Depreciation	3,038	2,646
	(Profit)/Loss on Disposal of Assets	(295)	5,246
17	Deferred Capital Grant released	(358)	(8,762)
6	Investment Income credited to Consolidated Revenue Account	(4,521)	(3,742)
11	(Gain) on Sale of Investments	(2,451)	(707)
11	Depreciation/(Appreciation) on Revaluation		
	Realised	1,605	483
	Unrealised	(1,431)	(186)
	Interest Payable	1,265	1,121
12	(Increase) in Stocks	(82)	(18)
13	Decrease in Debtors	147	905
14	Increase in Creditors	6,528	603
15	(Decrease) in other Long Term Liabilities	(27)	(805)
	Net Cash Inflow/(Outflow) from Operating Activities	323	(654)

23 Returns on Investments and Servicing of Finance

Note	2005 £'000	2004 £'000	
18	Income from Endowments	2,423	2,353
6	Income from Short Term Investments	2,397	1,668
	Interest Payable	(1,265)	(1,121)
		3,555	2,900

24 Capital Expenditure and Financial Investment

Note	2005 £'000	2004 £'000	
10	Tangible Assets acquired	(19,072)	(13,023)
11	Investments acquired	(20,583)	(3,268)
11	Endowment Assets acquired	(2,132)	(2,734)
	Receipts from sale of Assets	300	11,425
11	Receipts from sale of Investments	40,142	4,072
17	Deferred Capital Grants received	25	27
18	Endowments received	857	2,306
		(463)	(1,195)

25 Financing

	Secured and Unsecured	
	2005 £'000	2004 £'000
1 August 2004	24,486	17,938
Additional Borrowing	-	6,950
Capital Repayments	(1,308)	(402)
31 July 2005	23,178	24,486

26 Analysis of Changes in Net Funds/(Debt)

	1 August 2004 £'000	Cash Flows £'000	Other Changes £'000	31 July 2005 £'000
Cash at Bank and in Hand				
Endowment Assets	3,214	(32)	-	3,182
Other	9,882	(8,379)	-	1,503
	13,096	(8,411)	-	4,685
Short Term Deposits	5,040	10,280	-	15,320
Endowment Assets - Short Term Deposits	3,223	238	-	3,461
Debt due within one year	(1,302)	1,302	(1,312)	(1,312)
Debt due after one year	(23,184)	6	1,312	(21,866)
	(3,127)	3,415	-	288

27 Pensions Liabilities

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme, the costs recognised within the surplus for the year in the revenue account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. The next formal actuarial valuation is due at 31 March 2005 when the above rates will be reviewed.

The total pension cost of the University was £2,459,000 (2004 : £2,262,000), which is at the contribution rate of 14% of pensionable salaries.

The Vice-Chancellor, Sir Graeme Davies, is Chairman of the Board of USS.

Superannuation Arrangements of the University of London (SAUL)

The University participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee administered funds. The total cost of pension contributions for the University was £1,108,000 (2004 : £1,058,000).

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2002 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past Service	Future Service
Investment return on liabilities		
– before retirement	6.0% p.a.	7.0% p.a.
– after retirement	5.0% p.a.	5.0% p.a.
Salary growth*	4.2% p.a.	4.2% p.a.
Pension increases	2.7% p.a.	2.7% p.a.

* excluding an allowance for promotional increases

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers. As a whole, the market value of the scheme's assets was £941 million representing 121% of the liability for benefits after allowing for expected future increases in salaries.

The contribution rate required for future service benefits alone at the date of the valuation was 17.4% of salaries per annum.

Employers who have recently joined SAUL ("New Employers") and certain employee groups (as agreed by the Trustee of SAUL), pay 17.4% of salaries per annum until the second actuarial valuation after entry (or some other period as agreed with the Trustee). The past service surplus allows all other Employers to pay contributions at the rate of 10.5% of pensionable salaries per annum, subject to review at future valuations. The surplus also supports the continuation of the Employee contribution rate of 5% of salaries per annum, again subject to review.

The next formal actuarial valuation was due at 31 March 2005 when the above rates will be reviewed.

Dr D. Buckley, Director of Student Services, is Chairman of the Saul Trustee Company.

National Health Service Pension Scheme (NHS)

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the University of London to identify its share of the underlying scheme.

The Scheme is subject to a full valuation every five years. The results of the latest valuation at 31 March 1999 were published in 2003. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published each year.

Employers pension contribution costs are applied to operating expenses as and when they become due. Employer contribution rates are reviewed every four years following a scheme valuation carried out by the Government Actuary. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. In 2003-04 employers paid 7% but the rate did not include the cost of pension indexation funded directly by the Treasury. In November 2002 Ministers announced the transfer of indexation costs to the Scheme costs. NHS employers were charged 14% from April 2004. The total employer contribution payable in 2004-05 was £752,000 (2004 : £463,000). Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the members pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's

pensionable pay for death in service, and five times their annual pension (subject to certain conditions) for death after retirement, is payable.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the University of London can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Other Pension Arrangements

Members of staff, employed by the University of London in Paris, are contracted into the French State Social Security System for the purposes of accumulating pension benefit. The Schemes are unfunded and are equivalent to a defined contribution scheme in the United Kingdom. The University of London contributions in the year to 31 July 2005 were £286,000 (2004 £231,000).

28 Post Balance Sheet Events:

Refurbishment of College Hall

In November 2005 the University of London entered into a contract with Mansell Construction Services Limited for the redevelopment of the freehold site bounded by 74-80 Gower Street to the west and College Hall to the east. The contract value is £19,175k excluding fees and VAT. The work comprises the refurbishment of the Georgian terraced houses in Gower Street to provide self-contained flats for postgraduate students and academic staff and the conversion of existing double rooms in College Hall to single en-suite accommodation together with an additional mansard floor and an infill development to provide additional study bedrooms. In addition the communal areas of the Hall will be refurbished.

The University has completed a facility agreement with the Royal Bank of Scotland plc, acting as Agent for National Westminster Bank plc, for £22,000k at a fixed rate of 5 per cent. Repayment will commence in October 2007 and thereafter biannually with the final repayment being made on 30 April 2031.

Works in Senate House

In October 2005 the University of London prepared a scheme for the rewiring of Senate House North and South Blocks. The Finance Committee has approved the financing of the scheme which is likely to have a substantial cost. This will be determined after a tender exercise.



University of London

Colleges

Birkbeck
Central School of Speech and Drama
Courtauld Institute of Art
Goldsmiths College
Heythrop College
Imperial College London
The Institute of Cancer Research
Institute of Education
King's College London
London Business School
London School of Economics and Political Science
The London School of Hygiene and Tropical Medicine
Queen Mary
Royal Academy of Music
Royal Holloway
The Royal Veterinary College
St George's, University of London
The School of Oriental and African Studies
The School of Pharmacy
UCL

Central Institutes

The University of London Institute in Paris
University Marine Biological Station, Millport

School of Advanced Study

Institute of Advanced Legal Studies
Institute of Classical Studies
Institute of Commonwealth Studies
Institute of English Studies
Institute of Germanic and Romance Studies
Institute of Historical Research
Institute of Musical Research
Institute for the Study of the Americas
Institute of Philosophy
Warburg Institute

Central Activities

The Careers Group, University of London
Central Administrative and Support Services
External Programme
Intercollegiate Halls of Residence
Kent, Surrey, Sussex Department of Postgraduate Medical and Dental Education
London Department of Postgraduate Medical and Dental Education
Senate House Library, University of London
Student Accommodation and Property Management Office
University of London Computer Centre
University of London Union