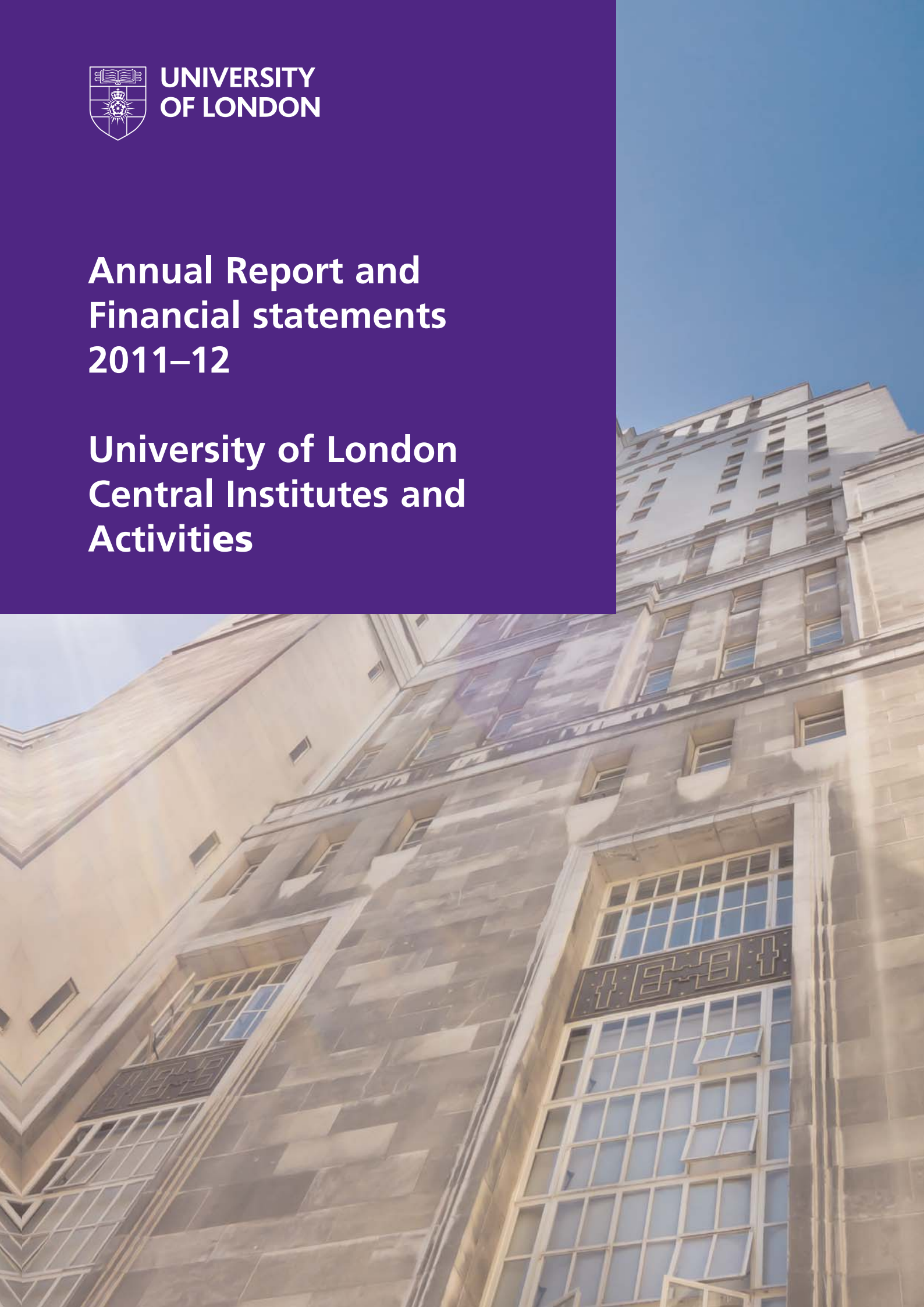


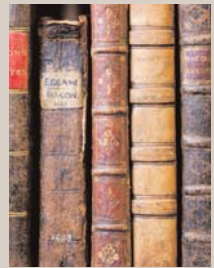


**UNIVERSITY
OF LONDON**

Annual Report and Financial statements 2011–12

University of London Central Institutes and Activities





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The University's Strategic Plan covers the period 2009–14. The plan identifies the strategic aims of the University as:

- 1 to maintain and enhance the academic excellence of the federal University;
- 2 to deliver highly effective services to Colleges, offering excellent value for money;
- 3 to ensure the financial sustainability of all University operations;
- 4 to fulfil the regional, national and international roles of the University; and
- 5 the creation and retention of a workforce with the necessary ethos, working practices and competences to deliver the Strategic Plan.

It is convenient to consider these aims separately in more detail:

To maintain and enhance the academic excellence of the federal University

The central University is renowned for a range of academic activities comprising research promotion and facilitation, research and teaching, short courses and distance learning. It provides these through its Central Academic Bodies:

- School of Advanced Study (SAS) and its ten constituent institutes (listed on page 56) and seven libraries
- University of London International Academy (UoLIA), which delivers the International Programmes

- University of London Institute in Paris (ULIP)
- University Marine and Biological Station at Millport (UMBSM)

This core mission is complemented by Senate House Libraries (SHLs), whose eight libraries provide an excellent research environment. All other central University departments, whether they deliver services internally or externally, help the University achieve this Strategic Aim by providing academic support and student, professional and technical services to an agreed level of quality and contribution.

In relation to University of London awards, the University plays a role in assuring standards for those students registered centrally and contributes towards the quality of the student experience.

To deliver highly effective services to Colleges, offering excellent value for money

The central University provides a range of services to Colleges and their students, the Central Academic Bodies' students and academics, the London Deanery, other educational institutions and commercial customers. These services are delivered across a wide range of student, academic support, technical and professional areas (estates, finance, human resources) by several University departments, notably The Careers Group, The University of London Computer Centre, Accommodation and Hospitality and the Senate House Libraries. The central University also delivers information, events, web and video services.

The University of London is a federal organisation and is one of the oldest, largest and most-diverse universities in the UK. It consists of 18 autonomous Colleges of outstanding reputation together with a number of prestigious Central Academic Bodies and Activities. The latter are collectively known as the 'central University'; together they serve and support both the interests of the Colleges and the broader achievements of UK higher education. The Central Academic Bodies and Activities strive to enhance the academic excellence of the federal University and to deliver highly effective, value-added services to the Colleges, while at the same time ensuring the financial sustainability of all its operations.

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To ensure the financial sustainability of all University operations

Financial sustainability is essential for the central University to be able to undertake its core academic and federal service mission.

The University is required to generate sufficient surpluses from its collective activities to meet its current and future business needs, generating enough cash to replace and maintain its assets and ensure their future sustainability. The central University owns the freehold of a substantial estate, most of which is in Bloomsbury. The majority of the buildings are leased to Colleges, which have responsibility for their maintenance and management, with the central University responsible for the maintenance and management of the buildings it occupies, the shared external areas and eight Intercollegiate Halls. In addition, there needs to be sufficient liquidity to maintain the University's business and withstand any future adverse financial events, such as the short-term loss of key customers or funding grants. Maintaining and developing a variety of different income streams is a key imperative in meeting financial sustainability.

Federally, the University undertakes a number of financial transactions with the Colleges, for example its administration of significant endowment funds, the University of London International Academy's contracts for academic programmes and subscriptions/charges for specific services provided by the central University.

To fulfil the regional, national and international roles of the University

The central University has a diverse remit across a wide range of regional, national and international roles. These roles are underpinned by a strong recognised brand and by communicating activities such as its information services, websites and events.

The University not only supports the work of the Colleges through its federal support services, but provides a vehicle for joint collaborative projects, networking and influencing HE strategy, in areas such as accommodation planning. Collaborative and partnership work (strategic, academic and commercial) is increasingly a key part of the central University's remit. Regionally, the University makes a significant contribution to the economic wealth and cultural vibrancy of the capital.

Nationally and internationally the University's academic mission is delivered through its Central Academic Bodies and the Senate House Libraries. Through the School of Advanced Study, it is the only University nationally funded to deliver a research promotion and facilitation role. Internationally, and increasingly nationally, the University of London International Academy delivers a growing number of programmes that enable wider access to HE through the University of London degree, as well as promoting the University brand globally. The University's international role is further enhanced by its prestigious Institute in Paris, which combines teaching and research.

The central University also fulfils a corporate social responsibility role by opening up seminars and facilities to the public and participating in specific engagement projects. In addition, it provides conference facilities to appropriate external customers.

The creation and retention of a workforce with the necessary ethos, working practices and competences to deliver the Strategic Plan

This aim, from a central University perspective, focuses on organisational health and developing the organisation to meet the changing environment. The right leadership, management processes, staff competencies, systems and working practices will help achieve this.

Financial review

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its trading subsidiary, Senate House Services Limited, which undertakes activities that, for legal or commercial reasons, are more appropriately channelled through a limited company. The subsidiary transfers all its profits to the University.

Financial overview

The financial strategy supporting the third aim of the University's Strategic Plan, to ensure the financial stability of all University operations, continues to be driven by a number of key financial indicators of which the most significant are:

- the need to generate a continuing recurrent surplus to support long-term sustainability;
- the maintenance of an adequate cash flow to support the working capital needs of the University and its capital and other investment needs; and
- a continuous capital investment in the University's estate, facilities and IT infrastructure in support of the University's Strategic Plan.

The financial results achieved over the last three years demonstrate the University's progress against these key indicators:

	2011–12	2010–11	2009–10
Income	£141.5M	£145.8M	£157.0M
Operating surplus for the year	£4.6M	£4.1M	£2.8M
Surplus as percentage of income	3.2%	2.8%	1.8%
Cash generated from operating activities	£16.3M	£9.0M	£8.1M
Average cash balance held during year	£40.1M	£30.5M	£15.6M
Capital expenditure	£6.0M	£6.7M	£13.8M
General reserve	£100.5M	£93.2M	£88.9M

The 2011–12 results show that the University has built further on the positive outcome of the preceding two years enabling it to continue to strengthen its balance sheet and maintain its position of relative financial strength. The 2011–12 results have brought a further enhanced operating surplus and level of cash generated which, coupled with ensuring that there is an ongoing level of capital investment, indicate our commitment and belief in continued financial sustainability.

The financial statements accordingly are prepared on a going-concern basis.

Business review

The University's consolidated Income and Expenditure Account for the year to 31 July 2012 is summarised as follows:

	2012 £M	2011 £M
Income	141.5	145.8
Expenditure	(136.9)	(141.7)
Operating surplus	4.6	4.1
Surplus on disposal of assets	2.3	0.2
Surplus after disposal of assets	6.9	4.3

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The University's consolidated net assets at 31 July 2012 were represented by:

	2012 £M	2011 £M
Deferred capital grants	11.1	18.0
Endowments	64.1	64.7
Revaluation reserve	43.7	40.5
General reserve	100.5	93.2
Net assets	219.4	216.4

The University's total income decreased by 2.9% in 2011–12 compared to 2010–11 whilst its total expenditure decreased by 3.4%.

The contraction in the University's overall operations is almost wholly due to a change in the basis of the operation of the London Deanery. With effect from 1 April 2011 the London Deanery's expenditure reflected in the University's income and expenditure account was limited to the direct costs of the provision by the University of their accommodation and associated services, and their payroll costs. All other Deanery expenditure from 1 April 2011 is directly accounted for within the London Strategic Health Authority.

The University's income and expenditure and operating surplus, excluding the London Deanery, was as follows:

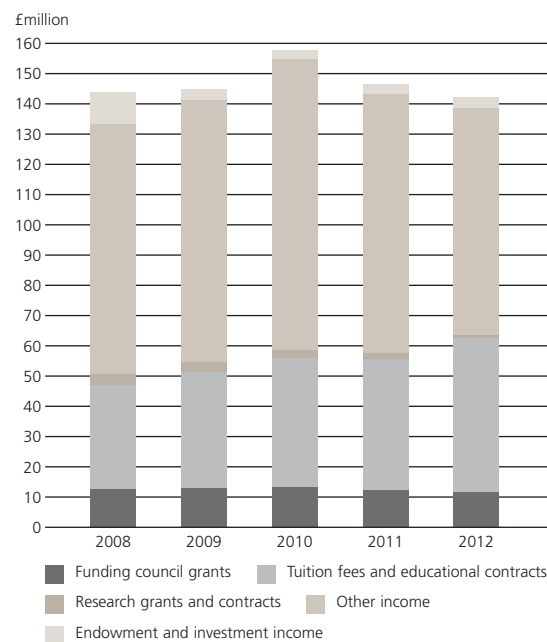
	2012 £M	2011 £M
Income	122.4	111.0
Expenditure		
Staff costs	(34.4)	(32.6)
Other costs	(83.4)	(74.3)
	(117.8)	(106.9)
Operating surplus	4.6	4.1

On this basis it can be seen that income has increased by 10.3% whilst staff and other costs have increased by 10.2%. The University's FTE staff numbers rose from 733 to 743 although, as a percentage of income, staff costs reduced from 29.4% to 28.1%. Other costs increased as a percentage of income from 66.9% to 68.1%.

These improvements in the underlying performance of the University all reflect the ongoing impact of both its progressive corporate reorganisation programme and the specific divisional restructuring initiatives.

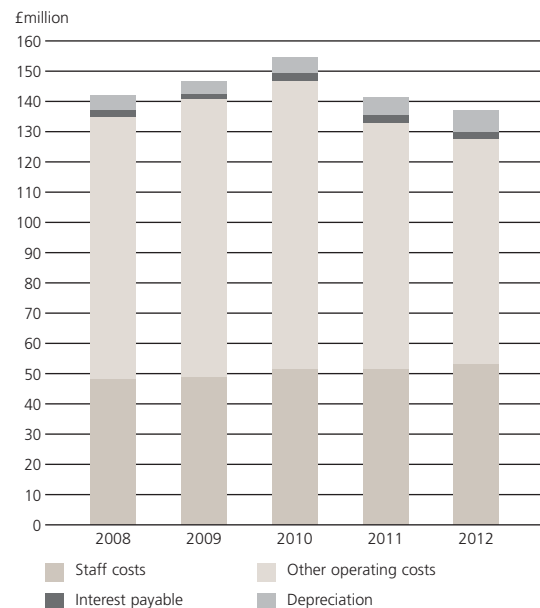
Income

An analysis of the University's income over the last five years is set out in the chart below:



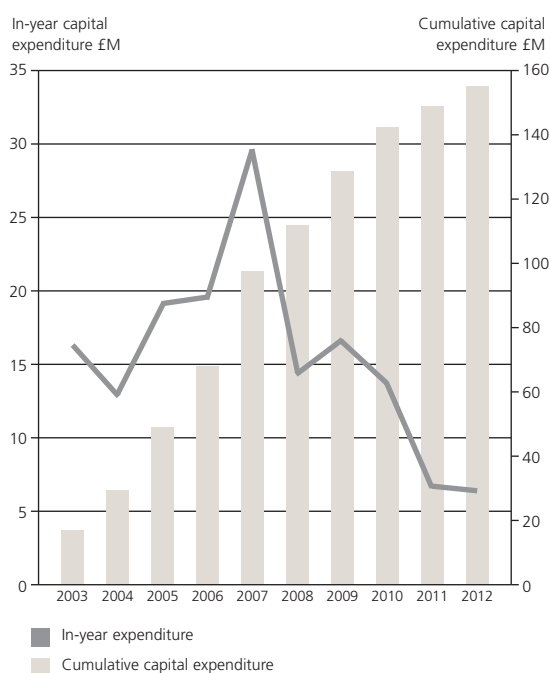
Expenditure

An analysis of the University's expenditure over the last five years is set out in the chart below:



Capital expenditure

The chart below shows the cumulative and in-year capital expenditure of the University over the last ten years:



The University has continued to invest consistently in improving and upgrading its teaching and research infrastructure, its student facilities and its estate generally. Over the last ten years expenditure has averaged in excess of £15M per annum.

An analysis of the principal components of the capital expenditure over the ten year period to 31 July 2012 is as follows:

	£M
Senate House and Stewart House	65.0
Halls of residence	63.5
Student records and finance software	7.1
Heritage assets	2.2
Research vessels	2.0
Gordon, Tarrington and Woburn Squares	1.1
Other projects, individually less than £1M	15.7
	156.6

Cash flow

The University's liquidity (comprising cash and current asset investments) as at 31 July 2012 was enhanced compared to the previous year reflecting the positive net cash flow from the University's operating activities.

Cash and current asset investments at the year-end amounted to £41.3M which represented the equivalent of 106 days of expenditure. At 31 July 2011 cash and current asset investments amounted to £26.2M, being the equivalent of 67 days' expenditure.

The University's long term borrowings at 31 July 2012 remained unchanged at £60M and thus the strength of the cash flow in 2011/12 has reduced the net debt at 31 July 2012 to £15.8M (2011: £30.5M).

Throughout the year, the University has continued to pursue a conservative treasury management policy with appropriate counterparty limits and security criteria in place. The treasury management policy accords priority to security and liquidity with yield considerations being subordinated to these.

Investment performance

During 2011–12 the University's endowment funds were managed by Newton Investment Management Limited and were invested in the University's Unified Trust Fund which has the investment objective of maintaining income growth at least in line with inflation and providing some capital growth. The long-term objective for the Fund is to achieve a real return of 4% per annum.

On a total return basis, the performance of the Fund for 2011–12 reflected the underlying market conditions and was a return of 3.1% (compared to the Fund's benchmark which showed a return of 5.4%). The Fund is behind benchmark over a 3-year period (10.7% annualised compared to 11.0%) and over five years (4.3% compared to 4.8%) but ahead of benchmark over 10 years (8.3% compared to 7.8%). In view of the more recent performance of the Fund a review of the University's investment strategy and asset allocation is currently being undertaken.

The University's investment properties have been subject to a professional valuation as at 31 July 2012 which has been undertaken by Knight Frank LLP, Chartered Surveyors. The valuation has resulted in their carrying value being uplifted by £3.2M to £42.5M (i.e. an increase of 8.0%).



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Our activities

Research promotion and facilitation

The focus during 2011–12 year was on the School of Advanced Study quinquennial review by the Higher Education Funding Council for England. The School was able to demonstrate to HEFCE its continued growth and the myriad ways in which it meets its key strategic priorities and objectives in the fulfilment of its national and international research promotion and facilitation role for the humanities and social sciences and wider society.

The School's key strategic objectives, underpinned by excellent research and high-quality publications, include:

- The continued development of innovative digital resource provision.** In March 2012, the Institute of Historical Research and King's College, London launched Early English Laws (www.earlyenglishlaws.ac.uk). Conceived as a ten-year initiative to publish online and in print new editions and translations of all English legal codes, edicts and treatises produced up to the time of Magna Carta, the project's first phase is now complete. The work has been possible thanks to generous support from the Arts and Humanities Research Council.
- Enhanced fellowship opportunities for outstanding visiting researchers.** During May and June, the School was honoured to welcome Professor Steven Shapin as the holder of its prestigious invitation-only ST Lee Visiting Professorial Fellowship for 2011–12. Professor Shapin (Franklin L Ford Professor of the History of Science at Harvard University) gave a series of public lectures during his time in the UK – at the Universities of Bristol, Cambridge, Edinburgh and London – covering a range of topics including the tastes of wine, the sciences of subjectivity, and the history of dietetics.
- An events programme that maximised intellectual outreach to the academic and non-academic sectors.** The School continued to manage and develop the University of London iTunes U platform. This project, led by the School's Communications Office, enabled the School and University to make events and other research resources freely available to audiences around the world. In its first year, the platform received over 200,000 visits and more than 150,000 podcasts were viewed or downloaded.

- National and international research and policy-making networks and collaborative opportunities.**

In July 2012, the Human Rights Consortium launched its Ecocide Project, a unique academic forum that will provide a national focal point for leading, facilitating and promoting research into the problem of ecocide and its human rights implications. The project will host conferences, workshops, seminars, short courses and other events to promote and facilitate research on the problem of ecocide and its potential solutions. It will lead and manage policy impact research and training projects, and carry out consultancy work on ecocide law development.

In 2011–12, the School was pleased to announce the appointments of Professor John North as Director of the Institute of Classical Studies and Professor Linda Newson as Director of the Institute for the Study of the Americas.

The Right Honourable Professor Martin Rees, Lord Rees of Ludlow, OM FRS was awarded the degree of Doctor of Literature *honoris causa* at the School's graduation ceremony in December.

Fellowships

The School's Visiting Professorial Fellow for 2011–12 was Professor Lisa Lowe, from the Departments of Literature and of Ethnic Studies at the University of California, San Diego.

Dr Sabrina Rahman, previously a Research Assistant in the Vienna Museum and with a PhD from the University of California, Berkeley in German Studies, joined the School in April as a Leverhulme Trust Visiting Fellow for early to mid-career scholars.

Events

The School continued to provide a rich programme of activities during 2011–12, with around 1,600 separate events. Major conferences were held on a wide range of subjects, including: 'Accessing justice: rights, responsibilities and effective strategies'; 'Masks, echoes, shadows: locating classical receptions in the cinema'; 'A revolutionary life: Ruth First 1925–1982'; 'Republics of the imagination: Dickens and travel'; 'Family ties: recollection and representation'; 'Novel approaches – from academic history to historical fiction'; 'Musical geographies of Central Asia'; 'Hume's legacy'; 'The War of 1812: memory and myth, history and historiography sector'; 'Looking for meaning in Renaissance art'.

Find out more at: <http://www.sas.ac.uk/>

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Delivering education since 1858

More than 50,000 students access the 100+ University of London degree programmes through the University of London International Programmes – a collaboration between the Colleges of the University and the University of London International Academy.

Through this collaboration, dating back to 1858, the Colleges of the University contribute expertise on subject matter by leading on curriculum, assessment and the development of learning resources, whilst the International Academy focuses on managing issues around quality and the student lifecycle.

2011–2012, has seen several infrastructure projects come to fruition, including SITs and the Enterprise Service Desk. SITs, with its capability to manage the entire student lifecycle, has played a key role in the move to online registrations. Overall, a record breaking 17,000 new registrations were recorded for the year. ESD, the new enquiry management system with its facility to track, monitor and log all enquiries has also radically improved the way in which student enquiries are dealt with.

In line with its mission to provide access to quality higher education, the Academy continues to fund Undergraduate Laws Scholarships in Africa's 'least developed' countries, the latest of these awards covering Tanzania and Uganda.

As well its action overseas, this year the International Programmes saw things come closer to home, with an esteemed visit from the President of the Seychelles. President James Michel, also Chancellor of the University of the Seychelles, visited Senate House in February 2012. The University of the Seychelles is the most recent newly created University to be supported in preparing its students for a University of London degree and thus ensuring this longstanding tradition remains as strong as ever.

Find out more at: www.londoninternational.ac.uk

Studying French and francophone culture

The University of London Institute in Paris (ULIP) is devoted to the study of French and francophone culture through its contemporary programmes and profound insight into cultural history. It is based in central Paris and its staff comprise both French and British academics and visiting lecturers from Paris universities.

Alongside the Institute's popular and successful BA and MA courses, there is a busy community of PhD students whose research interests range from Arab women's experiences in the francophone Maghreb and Belgian Situationism, to the novelist Michel Houellebecq, and the Anglo-American reception of Georges Bataille. Progress towards delivery of a new LLM in partnership with Queen Mary, University of London has been highly effective and the programme is due to launch in 2013.

Paris–Amsterdam Underground is a collaborative research initiative between the ASCA Cities Project at the University of Amsterdam and ULIP. Two major conferences were held, first in Amsterdam and then in Paris. Emerging from this initiative a book entitled *Paris–Amsterdam Underground: Essays on Cultural Resistance, Subversion, and Diversion*, is to be published by Amsterdam University Press in January 2012.

Francosphères, ULIP's new biannual journal that will define and question the presence of French language and culture across frontiers and borders, was launched in 2012. A special issue on Morocco will be launched in 2013 at a conference in Rabat with the support of the British Council and the British Embassy. At the same event ULIP will launch the Centre for the Study of France and North Africa, a trans-national research think-tank that will seek to interrogate French political and cultural activity in the region.

Find out more at: www.ulip.lon.ac.uk

Supporting marine science

The University Marine Biological Station Millport (UMBSM) – located on the south eastern shore of Great Cumbrae Island in the Firth of Clyde, Scotland – provides undergraduate and postgraduate courses in marine biology and marine microbiology for the Colleges of the University and also receives substantial numbers of students as visiting classes from higher education institutions across the UK and overseas. It is one the country's leading fieldwork centres, renowned for the diversity of its marine environment.

The University of London is currently negotiating with the University of St Andrews to run the Marine Station jointly. A partnership with the prestigious Scottish Oceans Institute at St Andrews would strengthen both the provision of marine science for undergraduate and postgraduate teaching and the research potential of the Marine Station.

In light of this and other factors, an updated business plan supporting the future development of the facilities and commercial operations of the Marine Station has been developed. Plans for the improvement of the facilities and fundraising for this are still on-going.

The Marine Station has two modern research vessels (22 metre RV *Aora* and 11 metre RV *Actinia*) available to students, researchers and also to commercial contractors. Many of these external contracts during 2011–12 have been in relation to biological survey work required prior to the development of offshore renewable energy installations. Income was generated by using the recompression chamber facility to treat diving casualties for the NHS.

Find out more at: www.gla.ac.uk/marinestation

Providing world-class libraries

It has been another year of considerable change for Senate House Libraries, which comprises Senate House Library and the seven libraries of the Institutes of the School of Advanced Study. Together they provide essential academic support across the Colleges of the University, and to wider national and international audiences.

The service is now at a mid-point through its current 2011–2013 Strategy and has made a number of changes to collections, technologies, and management structures during the 2011–2012 academic year.

Continuing to focus on the five strategic areas of the Strategy allowed for the restructure of a new Management Group, which has incorporated Directorates and Departments for the first time. The Director's responsibilities in the strategy are specifically around partnerships, while other members are leading on staff development, research collections, digital environments and new services. Underpinning the strategy is the Holden Plan, the Library's operational plan that now contains over 50 specific projects. This plan has expanded since the last report to include two new areas of activity, the Technology Programme and the Sustainability Programme.

The Technology Programme is enabling a considerable change of culture and services, including the upgrade from 5-year old desktops to almost twice the number

of high-end laptops and iPads for loan. It is also the management programme for an exciting collaborative investigation into the potential for a shared library management system across seven of the Colleges of the University.

The Sustainability Programme will strengthen the Senate House Library's financial position. A number of projects associated with cost reduction, internal cost reallocation and areas of new income have already made a considerable impact on the financial performance of the Library. In tandem with this activity, a targeted investigation into the performance issues in other central libraries was begun and is due to report by Spring 2013 at the latest.

The Libraries of the central University of London constitute one of the world's most significant collections in the arts, humanities and social sciences. The University is confident about its role, the purpose of these collections and its place in support of the national and international research effort. The coming year promises new further developments on management and governance, a financial plan which is clearly linked to the Libraries' intellectual future, greater national engagement and further developments on our physical research environment integrated with more pervasive technologies.

Find out more at: www.london.ac.uk/libraries

Supporting employability

The Careers Group, University of London, has become one of Europe's leading suppliers of career and employment services to job seeker, recruiters, higher education institutions (mainly University of London Colleges but also to a broader constituency), professional bodies and employers. In 2011-12 The Careers Group provided services to 137 higher education institutions and over 14,000 employers.

The University of London Temp Agency was launched in January and placed over 40 candidates in central University and College roles. It now has over 2,500 students on its database and is working with a number of employers to meet their recruitment needs. A branch of the agency was also set up at Queen Mary, University of London.



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The Step internship programme continued to grow, placing 89 students in a variety of roles. Nearly a quarter of these were converted into permanent positions. Many employers are returning with repeat business. The College offices also continued to focus on placement activity, with new staff specifically recruited at School of Oriental and African Studies and Royal Holloway, University of London to support students in this area.

The *Destinations Interactive* website for institutions was nominated for a Times Higher Award in November 2011, in the category of best new ICT initiative. The site was also updated and the new version, DI2, was released in the autumn term. The *What London Graduates Do* website was launched (<http://wlgd.thecareersgroup.co.uk/>). A student facing site, it uses data from the annual Destination of Leavers from Higher Education survey to give students an idea of typical jobs, employers, sectors and industries they can work in following their degree.

The Careers Group continued to provide quality assured institutional Careers Services that strive to be fully aligned to the strategic needs of their institutions.

- The Specialist Institutions Careers Service was closed and responsibility for the Colleges that it served was moved to the Consultancy unit. Under the soubriquet 'C2 Education' the offering was remodelled to deliver bespoke services tailored to the special needs of the niche Colleges it serves.
- Goldsmiths' Careers Service raised its profile significantly amongst the student population increasing student engagement by 40% on the previous year.
- King's Careers focused on its strategic priorities, including supporting the College to develop further its employability provision through embedding delivery within academic departments, increasing the profile of careers and employability learning as part of the overall student experience and improving the availability of management data (including destinations data) to colleagues across the institution.
- Queen Mary, University of London Careers continued to drive forward enhanced employability support for the College.
- Royal Holloway, University of London Careers increased its spheres of activity and influence in curriculum-based

employability teaching, the launch of the co-curricular employability award, the Royal Holloway Passport and the establishment of a central placement and internship unit.

- St Mary's College Careers strengthened its links within the University College by participating in St Mary's new Enrolment Village and year-round Open Days for prospective students and by writing an Employability Strategy for 2012–2016 in conjunction with the Workplace Learning Unit showcasing intentions to further embed employability into the curriculum.
- At the School of Oriental and African Studies, the two-year Internships Coordination pilot project to support embedded internships was launched.
- At UCL demand from all main client groups (students, alumni, employers and academic staff) increased. Additionally the Service focused on tailoring and embedding careers support within departments and faculties.

The Professional Development Unit (PDU) moved into the C2 team. In January two new roles were introduced for careers advisory staff: Careers Consultant and Senior Careers Consultant. This followed a strategic review of the Trainee Careers Adviser/Careers Adviser roles, which were declared redundant. The new roles better meet the operational and strategic needs of the business and enabled the Department to introduce a robust and transparent system for promotion from Consultant to Senior Consultant grade.

Find out more at: www.careers.lon.ac.uk

Providing sector-leading technology solutions

University of London Computer Centre (ULCC) offers leading-edge information technology solutions and services focusing on Learning and Teaching, Research and Administration, and the underpinning infrastructure to support these.

The foundation of these services is the state-of-the-art data centre, which has been expanded during the year, from which ULCC offers its "infrastructure as a service (IaaS)", with an increasing emphasis on higher value and cloud services.

The growing importance that institutions in all sectors place on e-learning has seen ULCC grow its managed

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virtual learning environment services, based around the open source Moodle system. This now supports over 150 organisations including a number of prestigious higher education institutions such as 13 of the Colleges of the University of London, and a wide range of further education colleges.

The research technology services have continued to grow, with 12 universities now using the repositories that ULCC develops, supports and hosts. This is complemented by a range of expertise in archiving and preservation, which has led to consultancy engagements with a range of organisations from the Houses of Parliament to Diageo.

ULCC has responded to the increasing interest in sharing application services in two ways. The finance managed service has continued to grow. ULCC has also engaged actively in HEFCE-funded initiatives to share application services, and is now hosting the new Enterprise Service Bus, which will allow applications to be linked together in a way that is much more flexible and agile than has been possible previously.

Find out more at: www.ulcc.ac.uk

Supporting the environment

Our journey towards a 20% reduction in carbon emissions by 2015 continues and good progress is being made. The students in the intercollegiate halls have risen to the challenge set by the monthly competition to encourage energy savings: all but one of the eight halls have reduced their consumption and the overall annual reduction last year was 5%. We are considering extending this approach to the non-residential estate.

We have achieved our target of no waste to landfill by March 2012, and are making good progress towards the target of 50% recycled by the end of 2012. The latest figures show that we now recycle 35% of our waste.

We have also been doing our bit for wildlife and are pleased to have been nominated for an award for wildlife excellence by the UNESCO UK MAB Forum in recognition of our management of Gordon Square and its gardens.

Building refurbishments

Our plans for the rewiring and refurbishment of the Institute of Historical Research wing of the Senate House north block have been fully developed, planning permission and listed building consent have been granted, and a short-list of contractors drawn up. Preliminary, enabling work will start before Christmas 2012 and we aim to start the main refurbishment work in spring 2013, with completion in time for the Institute of Historical Research's return to the north block in autumn 2014. That will leave just the basement to 3rd floors of the other wings of the north block in need of attention. This is space that the School of Oriental and African Studies will be leasing from the University and they will refurbish it for their own occupation.

The first phase of the refurbishment of the Institute of Advanced Legal Studies premises was carried out over the summer, transforming the entrance and upgrading the services infrastructure on the ground and lower ground floors. Plans are being developed for subsequent phases.

The residential estate has not been forgotten, and the complete redevelopment of the three intercollegiate halls in Cartwright Gardens – the Garden Halls – is planned. The existing buildings are in an ideal location for many of the Colleges but are becoming increasingly tired and reaching the end of their useful lives. The proposals are at an advanced stage and comprise the refurbishment of the Hughes Parry tower and the replacement of the other buildings with a new, catered Hall and some self-catered town houses. Our objective is the provision of good quality, affordable accommodation for successive generations of the Colleges' students. We hope to submit a planning application by the end of the year and subject to planning permission being granted, we aim to start on site in summer 2013 with completion of the Hughes Parry tower by summer 2014 and completion of the new-build in time for the 2015 student intake.

Find out more at: www.senatehouseevents.co.uk

Training doctors and dentists

London Deanery is a clinically-led organisation that utilises clinical expertise to align service and educational plans to improve the quality of educational programmes across London continually.

For the last 10 years, the Deanery has ensured that the capital has a sustainable supply of registered specialists in medicine and dentistry and that the established medical and dental workforce receives the professional support it needs. During that time, the organisation has responded to profound changes in postgraduate training including the implementation of Modernising Medical Careers, the developing requirements of Royal Colleges and regulators and the shifting demands of local and national workforce planning.

Some highlights for the last year include:

The Quality and Commissioning team achieved significant benefits realisation by 'contracting out' a significant number of London Deanery training programmes to a network of lead providers. This 'contracting out' delivered improved local administrative support for training, increased trust-wide engagement in education and training, enhanced local educational leadership, curriculum enhancement, value for money, faculty development, collaboration across institutions, clarification of post and programme details, clarification of the role of the shared services, and integrated quality and commissioning function.

The Medical Workforce, GP and Foundation departments were amalgamated into a new Operations department. The integration delivers a customer focused, consistent, efficient and expert resource to support the training of London's healthcare professionals and provide services on a national basis.

Over 13,000 applications and approximately 10,000 interviews were managed to enable the 2011/12 intake to London across secondary care, primary and dentistry, as well as recruitment to a third party of the UK's academic training opportunities. The department led on recruitment nationally for Clinical Radiology, Plastic Surgery, General Surgery, Histopathology, ACCS-Emergency Medicine, Allergy, Immunology, Nuclear Medicine, Audiological Medicine and Dental Foundation Year 1, the largest amount of national recruitment managed by any deanery. The inaugural national selection

processes for General Surgery and Dental Foundation Year 1, yielded 100% fill rate for a combined total of over 1,000 training posts.

The online system for recruiting doctors in training to their next training post became fully operational. The latest development within the online recruitment system enables consultants to shortlist candidates online removing the need for manual paperwork. This means that now all consultants can shortlist and applicants can view the progress of their application online. This has significantly improved the efficiency and pace of the process.

Registration of dentist and dental care professionals on the eWisdom system topped 10,000. The ease and convenience of booking through this new system has enabled the Dental Department to put on 40% more courses including many new courses geared for multiprofessional education and team training.

The website was judged equal best in England for ease of use and access to information about flexible training by the Junior Doctors' Committee of the British Medical Association. The Junior Doctors' Committee of the British Medical Association carried out a first survey round in 2008 with a follow up in 2011. The Deanery improved from equal third place in 2008 to equal first in 2011 with a score of 16 out of 16.

In a first of its kind event held by London Deanery, junior doctors from across London shared their ideas about how they are improving safety in their own work and explaining how this is having a significant and positive impact on the standard of patient care for Londoners. The inaugural Engaging Junior Doctors in Quality and Safety Improvement Conference provided a unique opportunity for doctors in postgraduate training to showcase the quality improvement work they have carried out in their trust or training organisation within the last year and helped to engage, develop and harness this largely untapped resource and promote the engagement of doctors in postgraduate training in quality improvement.

The Professional Support Unit (PSU) for clinicians was launched in London across all career stages. The PSU offers a range of services including an Occupational Health advice service for employers and educators a Communication Skills Resources a training programme for our Network of Expertise: the educational supervisors, coaches and mentors involved in PSU casework. Modules



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offered so far include introduction to complex casework, legal aspects of educational supervision and developing teaching skills in communication.

The Coaching and Mentoring service received the Healthcare People Management Association National Leadership and Innovation Agency Award for Best Learning and Development Strategy.

Find out more at: www.londondeanery.ac.uk

Risks and opportunities

The central University of London is a unique institution with operations that centre around its central academic bodies and central activities which it performs on behalf of the federation of 18 self-governing and autonomous member Higher Education Institutions (HEIs) which comprise its member Colleges.

Whilst the University's Collegiate Council determines and advises the Board of Trustees on the collective College view, it is the latter body which is charged with managing the risks and opportunities faced by the University.

2011–12 has been characterised by the continuation of the reforms of public sector finance and this has meant that the higher education sector has experienced a period of unprecedented change with cuts to public funding and increasing competition as universities vie for the very best students and new providers enter the market.

For undergraduate students, English HEIs have been able to raise tuition fees for UK and EU students to £6,000 and, where widening participation and access criteria have been satisfied, to a maximum of £9,000 for admissions from September 2012. Across the English HEIs it is reported that the average undergraduate fee charged has been £8,500, with a third of the HEIs charging the maximum. The new fee regime has had a significant impact on the number of applicants to British universities which, according to UCAS, fell by 7.7%, with a 10% drop in the number of English applicants. UCAS has reported that about 15,000 English 18-year-olds who might have applied for university this year (2012) did not do so even after factoring in a decline in the overall numbers of 18-year-olds in the population this year.

It is generally acknowledged that it is too early to draw firm conclusions from the experience of this first year of the new regime. For the University of London and its Colleges, however, the challenges and associated uncertainties of these changes are ones for which they are well prepared and this reflects the strength and world-class standing of the University and its constituent Colleges.

For the central University any changes in the undergraduate fee regime do not have an immediate impact and the University's own dependence on public funding is, in any case, substantially less than most other UK universities. These financial statements show that funding from HEFCE accounted for 7.8% of total income and, when this is added to the contributions from the Colleges of £8.9M, the total direct and indirect reliance on public funding amounts to 14.1% of the total income of £141.5M. The English average for grants from HEFCE as a percentage of total income by comparison for 2011–12 is forecast to be around 29.2%.

The central University's response to the developing and more competitive markets has been to continue to diversify its income base, to develop and enhance the services which it provides for its member Colleges and, indeed, to continue to build further on its history of significant sharing and collaboration. A shared services programme has been initiated during the year. It has two strands: the first being oversight of new shared services arising out of existing central University activities and the second centres on an assessment of sector demand for new services, the development of new business models and an investigation of the viability of engaging with "for profit" partners. This shared services programme has secured support from HEFCE and will not only engage with the Colleges of the University but will also involve an assessment of wider sector needs.

During the year, good progress has been made in a number of shared service areas. For example, a head leasing scheme to provide private sector accommodation for students has been launched; ULCC has established Moodle services for a further seven of the Colleges (adding to the existing six already served and giving rise to the expectation that the number of students using ULCC Moodle will surpass 1.5M); the University of London International Academy has worked on a project to operate on behalf of various Colleges, student lifecycle services for distance learning students; and an exercise has been initiated to investigate, on behalf of the Bloomsbury College Group and Senate House Libraries, enhanced library management systems.

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The new fee regime and the reforms in public sector finance have resulted in HEFCE initiating reviews of the special funding that the central University receives which in the year totalled £9.8M. The School of Advanced Study and the University Marine Biological Station are subject to separate reviews commissioned by HEFCE. The remainder of the central University's special funding is also subject to the wider HEFCE review of institution-specific funding. The recommendations of the reviewers and the consideration of the institution-specific funding will be taken to the HEFCE Board's meeting on 6 December after which it is expected that the final outcomes will be announced.

The changes in the higher education market are likely to result in there being an increased level of demand, from both undergraduates and graduates, for part-time and flexible learning opportunities that allow students to fund their study through part-time work. The University of London International Academy has responded to the opportunities that are emerging as a result of these changes and, on the one hand, the portfolio of degree programmes is being expanded and, on the other, there is on-going engagement with a widening range of teaching institutions across both the public and private sectors within the UK.

The University is a significant provider of student residential services with its main focus being on meeting the needs of the students of its Colleges. This area of activity currently accounts for over 22% of the University's total income (net of the London Deanery). The Halls accommodate over 3,000 students and Housing Services provided, last year, advice to over 35,000 students living in the private rental sector. The provision of first-class student services, including residential services, is of critical importance to the University and its Colleges and, having regard to this, the University is currently appraising a range of options centred on upgrading and expanding its offering of student residences and, in particular, working with the University Partnerships Programme (UPP) on the redevelopment of the existing three halls of residence at Cartwright Gardens, London, WC1H 9EH to expand and upgrade the number of rooms on offer to our students. We regard the expansion of this area of our operations as important, in part because residential accommodation is of such importance to present and future students, and also as it can provide a cushion to shield our academic divisions that are in receipt of public funding from the impact of any future reductions therein.

The restructuring of the NHS will result in changes to the way in which the London Deanery operates. From April 2013 there will be three Local Education and Training Boards for London which will take on the strategic commissioning functions of NHS London in relation to the healthcare workforce. Discussions about the location of the London Deanery functions in the future system are ongoing but, both in terms of commissioning and provision of postgraduate medical and dental education, it is agreed that there will continue to be a shared service providing the voice for London and a range of whole-system services. Through these activities the London Deanery, although perhaps not by that name, will continue to provide a distinctiveness of institutional provision and demonstrable additional public value that is world-class.

The University conducts regular reviews of its prospective medium-term financial out-turns by way of using various planning scenarios including funding expectations, student numbers and research activities, overheads and pay-related costs. This enables us to respond, should the need arise, to changes and to ensure that our financial sustainability is unimpaired. We continue with our focus on the cost base and to implement cost-efficiency measures. We completed our business change programme in 2010–11 securing an on-going reduction in our cost base of around 2%. From 2011–12 onwards the focus, as noted above, has been redirected towards the expansion of shared services to meet the needs of our Colleges and the wider sector for the provision of highly effective services offering greater value-for-money and permitting the Colleges to concentrate more intensively on their core academic areas.

Public benefit

The University is an exempt charity under the terms of the Charities Act 2006. The Charities Commission has issued guidance on public benefit requiring that there must be clearly identified benefits related to the aims of the charity; that the benefits must be to the public, or to a section of the public; that where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by the ability to pay fees; and that people in poverty must not be excluded from the opportunity to benefit.

The objects of the University of London, carried out through the Colleges primarily, and also through its

Central Academic Bodies and Central Activities (to which these financial statements specifically relate), are, for the public benefit, to promote education of a university standard and the advancement of knowledge and learning by teaching and research; and to encourage the achievement and maintenance of the highest academic standards.

The University makes a significant contribution, not just to the advancement of education, but also in a variety of ways to all of the other specific categories of charitable purposes set out in the Charities Act 2006.

The Colleges of the University, which are all themselves exempt charities, have included within their respective financial statements for 2011–12 Public Benefit statements in conformity with the reporting requirements of the HEFCE Accounts Direction for 2011–12 and reference thereto should be made in considering the public benefits delivered by the University, given that its primary purpose is to serve and further the interests of its Colleges.

The ways in which the central University advances the categories of charitable purposes are in many cases self-evident from the variety of academic disciplines associated with its Institutes and Colleges.

To provide an example, the University of London International Academy (UoLIA), through its associated International Programmes deliver programmes in a wide range of disciplines and subject areas. These include MSc's in Poverty Reduction; Applied Educational Leadership and Management; Environmental Management; Livestock Health and Production; Clinical Trials, Epidemiology, Infectious Diseases and Public Health; and Citizenship Education. BA's in Theology, English, History, Philosophy and Classics and the LLM and LLB degrees. The International Programmes are priced competitively to enable students, both in the UK and overseas, to access them. Thus the cost of a typical three-year undergraduate Programme is some £3,000 – £4,000 whilst Postgraduate programmes are available from £8,000 – £13,000.

The University, on behalf of the federation, manages a range of trust funds and endowments. The endowment funds as shown in the balance sheet at 31 July 2012 were carried at their market value which was £64.1M and the sums expended during the year from these funds amounted to £3.6M. This expenditure represents

payments in respect of fellowships and scholarships, prizes, and chairs and lectureship funds as well as a range of other awards to assist students and researchers within the Colleges and UoLIA thereby providing opportunities to those whose means may otherwise inhibit them from participating in teaching and research activities. The University's trust funds are also utilised to fund an ongoing series of prestigious public lectures, recitals and readings generally in areas connected with the arts and humanities.

The mission of The Careers Group, University of London is to contribute to the public benefit by enabling organisations to educate and develop individuals to achieve and maintain career success. The Careers Group provides products and services of the highest quality that help individuals achieve and maintain career success; help organisations, institutions and academic staff to help individuals achieve and maintain career success; and help employers recruit, retain and develop employees.

The Careers Group services and products are distinguished by being founded on its unique position at the interface between the University of London and the world of work, on credible research and on staff who uphold the ethics of the careers guidance profession and whose expertise and understanding of students, graduates, career management skills and employment is second to none.

The University's Marine Biological Station at Millport is the UK's national facility for Marine Biology Fieldwork and provides facilities and logistical support for field teaching by universities throughout the UK and also some from Europe. As well as teaching, the Station's research profile is focused on cutting – edge research into topical issues in Marine Biology, Microbiology, Ecology and Environmental Management. The Station offers school work experience placements to provide insight into the work of marine biologists. It incidentally provides facilities for recreational sub-aqua and other groups interested in the marine environment; lectures by its academics and practical sessions are provided to local voluntary groups, schools, recreational and study groups; access to its library facilities is available to the public as are the Museum and Aquarium. The Hyperbaric chamber advances health and the saving of lives and is used to train police, fire, rescue and ambulance services. The Station is open to, and welcomes, the general public and school groups to which it endeavours to provide insight into the nature of marine life and awareness of marine environmental issues.

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The School of Advanced Study is unique as the only institution in the UK nationally funded to promote and facilitate research in the humanities and social sciences. The School's events programme which comprises a wide range of seminars, workshops, lectures and conferences is unrivalled in scale, focus and quality. During 2011–12 more than 1,600 events were organised attracting almost 50,000 audience members drawn from the UK, internationally and the London area. The majority of the events are free and open to the public and all are welcomed and encouraged to take advantage of the access to the current research and interdisciplinary cross-fertilisation that these events afford.

London Deanery is currently responsible for around 12,500 doctors and dentists in foundation, core and higher specialty training programmes – 25% of England's trainee workforce – as well as maintaining significant responsibilities for doctors and dentists in established practice. The scale of the organisation's day-to-day business is prodigious and London Deanery has also led innovation, attracting an international reputation as a world-leader in its field.

Looking forward

Over the last decade the central University of London has reinforced and re-established its position at the heart of a federation of world-class academic institutions. In order to continue to advance in the rapidly changing and competitive higher education environment the University will need to anticipate and respond to the challenges and opportunities which will arise from the implementation of the changes set-out in the June 2011 White Paper for Higher Education. Its track record as a dynamic and innovative institution forged over the last 175 years is such that I believe we can have confidence that it will adapt successfully to the challenges which the future will bring. Its strategic plan provides the framework within which, on behalf of the federation, it will chart its course through what will inevitably be turbulent times to emerge as a stronger and more cohesive body at the centre of its unique federation of Colleges.

It is a great privilege to have been appointed to succeed Professor Geoffrey Crossick as Vice-Chancellor of such a prestigious institution and to capitalise on the work he did to secure its collective future. As these financial statements demonstrate we have achieved a position of relative financial strength and when to this is added the quality of our staff and students I am confident that we will deliver a range of outstanding outcomes which will serve to secure and enhance the future of our University.

Professor Sir Adrian Smith

Vice-Chancellor
University of London
28 November 2012

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Corporate governance statement

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures of the University. The University endeavours to conduct its business:

- **in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and**
- **in full accordance with the guidance to the University which has been provided by the Committee of University Chairmen in its "Guide for Members of Governing Bodies of Universities in England and Wales".**

The University is an independent corporation which was incorporated originally by Royal Charter in 1836 and is, at present, incorporated by Royal Charter granted in 1863. It is now governed by the University of London Act 1994 and by the Statutes made under that Act, approved by the Privy Council on 11 June 2008 and effective from 1 August 2008, which set out its objectives, powers and framework of governance. The University of London is a federal university and, as well as the central academic bodies and activities included in these financial statements, comprises a further 18 autonomous Colleges each of which is an HEI and a self-governing incorporated body with its own legal identity and which receives its funding from HEFCE independently from the University itself.

The University's **Board of Trustees**, the governing and executive body of the University, comprises nine appointed independent persons, all of whom are non-executive, the Vice-Chancellor and four Heads of Colleges, appointed by the Collegiate Council. The role of the Chair of Board of Trustees is separated from the role of the University's chief executive, the Vice-Chancellor. The powers of the Board of Trustees are set out in the Statutes of the University, by its Statement of Responsibilities and under the Financial Memorandum with the Higher Education Funding Council for England. The Board of Trustees, which normally meets not less than six times a year, holds to itself, inter alia,

responsibility for the ongoing strategic direction of the University, approval of major developments and the receipt of regular minutes from its Committees on the day to day operations of its business and of its subsidiary company.

The Board of Trustees is supported by the **Collegiate Council** which comprises the Heads of the Colleges of the University, the Dean of the School of Advanced Study and, its chairman, the Vice-Chancellor. The Collegiate Council is responsible for determining and advising the Board of Trustees on the collective view of the Colleges in respect of all matters concerning the University of London as an incorporated body including its strategic direction, and is responsible for ensuring the proper discharge of its academic affairs.

The Collegiate Council, inter alia, approves the strategic plans of the University's constituent academic bodies and activities and recommends to the Board of Trustees the University's annual budgets for these bodies and activities. It monitors performance against these plans and budgets and makes proposals and recommendations to the Board of Trustees regarding the resources and services provided by the University to the Colleges and on the funding of those services.

The University's Statutes provide that the Board of Trustees shall appoint an Audit and Risk Committee and that the Board of Trustees and the Collegiate Council may from time to time establish additional standing, special and advisory committees, sub-committees or boards. The Committees which the Board of Trustees has established, in addition to the Audit and Risk Committee, include Nominations, Remuneration, Investments and Safety. All of these Committees are formally constituted with terms of reference and include members drawn from the independent membership of the Board of Trustees.

The **Audit and Risk Committee**, which meets at least four times a year, is responsible for meeting with the external auditors to discuss audit findings, and with the internal auditors to consider their detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The Committee also receives reports on value for money 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 advises the Board of Trustees on the appointment and remuneration of the external and internal auditors with whom it meets on their own for independent discussions. Whilst senior executives attend the meetings of the Committee as necessary, they are not members of the Committee. The Committee considers, and recommends to the Board of Trustees, comprehensive Financial Regulations for the conduct of the financial affairs of the University and reviews the University's annual financial statements together with the accounting policies.

The **Nominations Committee** considers nominations for independent vacancies on the Board of Trustees. In line with the University's commitment to access and equal opportunities, the Committee seeks to achieve a balance of membership on the Board of Trustees in terms of gender, age, ethnicity and disability and this is an important consideration for the Committee in selecting members of the Board of Trustees. Vacancies are advertised on the public appointments section of the Appointments Commission website and other websites as appropriate. Additionally, details of vacancies are circulated to Heads of Colleges and Chairs of College governing bodies.

The **Remuneration Committee** determines the remuneration of the Vice-Chancellor and other senior staff and the **Investments Committee** is responsible for matters relating to the investments of the University, including recommending to the Board of Trustees the appointment of investment managers. The **Safety Committee** is responsible for reviewing and taking action as appropriate on the University's safety policies which ensure the health and safety of employees, students, visitors and others who may be affected by the University's activities.

The principal academic and administrative officer of the University is the Vice-Chancellor, who is responsible to the Board of Trustees for securing the implementation of the decisions of the Board and maintaining and promoting the efficiency and good order of the University. The Vice-Chancellor is also, under the terms of the Financial Memorandum between the University

and the Higher Education Funding Council for England, the designated Accountable Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The Ordinances of the University specify that the University's Chief Operating Officer should normally act as Secretary of the Board of Trustees, and any enquiries about the constitution and governance of the University should be addressed to the Chief Operating Officer.

Membership and responsibilities of the Board of Trustees

Membership

Period 1 August 2011 to 28 November 2012 (unless otherwise stated):

Independent Members	Period of Office
Dame Jenny Abramsky (Chair)	
Mr David Beaver	
Mr Abdul Bhanji	
Ms Emma Burns	
Mr Steven Fogel	
His Honour Judge Grainger	
Mr Edward Hartill	
Mr Maxwell Hutchinson	Until 31 July 2012
Mrs Suzanne McCarthy	

Vice-Chancellor

Professor Geoffrey Crossick	Until 31 July 2012
Professor Sir Adrian Smith	From 1 September 2012

Representative Heads of Colleges

Professor Jonathan Freeman-Attwood, Principal of the Royal Academy of Music
Professor Peter Kopelmann, Principal of St George's, University of London
Professor David Latchman, Master of Birkbeck, University of London
Professor Sir Richard Trainor, Principal and President of King's College London

Responsibilities

In accordance with the Charter and Statutes of the University of London, the Board of Trustees of the University is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control is maintained, and is required to present consolidated audited financial statements each financial year.

The Board 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 all other relevant accounting and financial reporting 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 Board, through its head of institution and accountable officer (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. During August 2012, prior to the appointment of Professor Sir Adrian Smith as Vice-Chancellor, the University's Deputy Vice-Chancellor, Professor Paul Webley, assumed the role of accountable officer.

In causing the consolidated financial statements to be prepared, the Board 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 Board 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 Board 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;



Membership and responsibilities of the Board of Trustees

- 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 Board;
- a formalised treasury management policy;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit and Risk Committee and the Board;
- a professional Internal Audit Provider, whose annual programme is approved by the Audit and Risk Committee; and

- an ongoing process designed to identify the principal risks (whether business, operational, compliance or financial) 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 reporting method uses a system whereby risks are ranked in terms of likelihood and impact, and are reviewed and periodically reported to the Board to ensure that procedures are in place for the identified risks to be managed.

The Audit and Risk Committee, on behalf of the Board, 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 misstatement or loss.

Statement of internal control

by the Board of
Trustees

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 Board 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 2012 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:

- We meet no less than three times a year to consider the plans and strategic direction of the University.
 - We receive periodic reports from the Chair of the Audit and Risk 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.
 - The Audit and Risk 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.
 - Facilitated workshops are held to identify and to keep up to date the record of risks facing the University.
- A programme of risk awareness training.
 - A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
 - An organisation-wide risk register is maintained.
 - Reports are received from budget holders, department heads and project managers on internal control activities.

The review of the Board of the effectiveness of the system of internal control is informed by the work of the internal auditors, Uniac. They operate to the standards defined in "Accountability and Audit: HEFCE Code of Practice".

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.

Independent auditor's report to the Board of Trustees of the University of London

We have audited the financial statements of the University of London for the year ended 31 July 2012 which comprise the consolidated income and expenditure account, the statement of total consolidated recognised gains and losses, the Group and University balance sheets, the consolidated cash flow statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body in accordance with the charter and statutes of the University and the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the governing body 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and

- in all material respects, income during the year ended 31 July 2012 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum and with the funding council.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University.

Deloitte LLP

Chartered Accountants and Statutory Auditor
St Albans, UK
29 November 2012



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 2007* and in accordance with applicable United Kingdom Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

The activities of the University, together with the factors likely to affect their future performance and position are as set out in the Financial Report on pages 3 to 20. Having regard to the University's considerable assets and financial resources, its Board of Trustees believe it is well placed to manage its risks successfully notwithstanding the current economic conditions and future uncertainties associated therewith. The Board of Trustees have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 Collegiate Council. The Colleges are not related parties because of their autonomy as independent higher education institutions.

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 are recorded initially in the accounting record maintained in Paris and recorded in the financial statements 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 income and expenditure account.

Recognition of income and expenditure

Fee income is stated gross and credited to the income and expenditure account over the period the students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from research grants, contracts and other services rendered (including the Deaneries) 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. Unspent balances are carried forward.

Statement of the University's principal accounting policies

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Donations with restrictions are recognised when relevant conditions have been met, generally when expenditure is incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of total gains and losses and in endowments. Other donations are recognised by inclusion as other income in the income and expenditure account.

Income from endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to endowments and recognised therein as accumulated income.

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.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours or one working day without penalty.

Liquid resources comprise assets held as a readily disposable store of value. They include sums on short-term deposits with recognised banks and building societies and government securities.

Endowment funds

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

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

Land and buildings

Land and buildings are stated at cost less amounts written off to reflect any permanent impairment in value. Depreciation is charged on the capital cost or valuation of the buildings. Non-residential freehold properties and subsequent refurbishments are depreciated over 50 years and residential properties and subsequent refurbishments are depreciated over 30 years. For leasehold properties, the depreciation term is the period of the lease, if lower than the freehold rates. Where buildings are acquired with the aid of specific grants the related grants are credited to a deferred capital grants 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. Assets in the course of construction are not depreciated.

Developmental interest incurred directly as a consequence of major capital developments is capitalised as part of the capital costs of the related asset.

Heritage assets

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. In accordance with the HE SORP, all acquisitions since 1 August 1998 have been capitalised at cost, or in the case of donated assets, at valuation where reasonably obtainable. In line with the accounting policy for other tangible assets, the threshold for capitalising assets is £20,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Other tangible assets – equipment

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	4–7 years
Other plant and machinery	5–20 years
Boats and boat equipment	10–25 years

Assets of all categories did not commence depreciation until 1990. Prior to this date no assets were depreciated.

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 grants 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.

Intangible assets

Course development expenditure within the University of London International Academy is charged to the income and expenditure account in the year incurred unless it meets the recognition criteria for capitalisation as set out in SSAP 13 – Accounting for research and development. When the recognition criteria has been met then such expenditure on course development is capitalised and the resultant intangible asset written down and charged to the income and expenditure account, when it becomes available for use, on a straight line basis over a period of five years, the expected economic life of the course. An impairment test is carried out annually and where it is judged that the carrying value of the intangible asset exceeds the likely future economic benefit, then it is written down appropriately.

Investments

Both fixed asset investments and endowment asset investments are stated at market value in the balance sheet.

Current asset investments

Current asset investments comprise money on term deposits stated at the lower of cost and net realisable value, and money market funds which are shown at market value in the balance sheet.

Investment properties

In accordance with SSAP 19 *Accounting for Investment properties*, investment properties are revalued annually at a valuation determined by the Board of Trustees with the assistance of qualified external valuers. Changes in the market value of investment properties are taken to the statement of total recognised gains and losses. No depreciation is provided in respect of investment properties.

Stocks

Stocks, which principally comprise study materials for resale, are valued at the lower of cost or net realisable value, after making due provision for obsolete and slow-moving items.

Statement of the University's principal accounting policies

Provisions and contingent liabilities

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.

Contingent liabilities are disclosed by way of note, when the definition of a provision is not met and include three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Pension schemes

The University participates in the University Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). These are externally funded defined benefits schemes which are contracted out of the State Second Pension. The liabilities of both these schemes are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuation of the schemes, 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 contributes to the National Health Service Superannuation Scheme (NHSS), an unfunded defined benefit scheme for the academic and non-academic staff at the London and Kent, Surrey and Sussex (KSS) Deaneries.

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

The University complies with FRS17 *Retirement Benefits*. Its defined benefit schemes (USS, SAUL and NHSS) are all multi-employer schemes and, accordingly, given that it is not possible to identify the University's underlying share of their assets and liabilities, are accounted for as if they were defined contribution schemes.



Consolidated income and expenditure account

for the year ended 31 July 2012

Note		2012 £'000	2011 £'000
Income			
1	Funding body grants	11,084	11,972
2	Tuition fees and educational contracts	50,847	43,592
3	Research grants and contracts	1,089	1,516
4	Other income	74,883	85,653
5	Endowment and investment income	3,618	3,044
		141,521	145,777
Expenditure			
6	Staff costs	(52,688)	(51,497)
7	Other operating expenses	(74,666)	(81,360)
8	Interest payable	(2,718)	(2,710)
9	Depreciation	(6,882)	(6,097)
		(136,954)	(141,664)
	Surplus on continuing operations after depreciation of assets at cost	4,567	4,113
	Exceptional items:		
	Surplus on disposal of fixed assets	2,344	148
	Surplus after depreciation, exceptional items and disposal of assets	6,911	4,261
	Transfer from/(to) accumulated income within endowments	437	(29)
	Surplus for the year transferred to reserves	7,348	4,232

The consolidated income and expenditure relates wholly to continuing activities.

There is no difference between the surplus stated above and the historical cost equivalent.

Statement of consolidated total recognised gains and losses

for the year ended 31 July 2012

Note	2012 £'000	2011 £'000
	6,911	4,261
11	(1,266)	4,249
11	(77)	281
	55	–
11	3,159	6,671
16	1,116	446
Total recognised gains and losses relating to the year	9,898	15,908
Reconciliation		
Opening reserves and endowments	198,433	
Total recognised gains and losses relating to the year	9,898	
Closing reserves and endowments	208,331	

Balance sheets

as at 31 July 2012

Note	Consolidated		University		
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	
	Fixed assets				
9	Tangible assets	152,073	160,717	150,184	158,491
10	Intangible assets	237	312	237	312
11	Investments	46,324	43,242	46,286	43,242
11	Endowment assets	64,145	64,732	64,145	64,732
		262,779	269,003	260,852	266,777
	Current assets				
	Stocks	1,925	1,125	1,925	1,125
12	Debtors	11,384	11,663	11,453	12,610
	Current asset investments	33,305	15,000	33,305	15,000
	Cash at bank and in hand	7,967	11,171	7,931	11,077
		54,581	38,959	54,614	39,812
13	Creditors: amounts falling due within one year	(37,708)	(31,259)	(35,814)	(29,975)
	Net current assets	16,873	7,700	18,800	9,837
	Total assets less current liabilities	279,652	276,703	279,652	276,614
14	Creditors: amounts falling due after more than one year	(60,250)	(60,250)	(60,250)	(60,250)
	Total net assets	219,402	216,453	219,402	216,364
	Represented by				
15	Deferred capital grants	11,071	18,020	11,071	18,020
16	Permanent endowments	56,203	57,271	56,203	57,271
16	Expendable endowments	7,942	7,461	7,942	7,461
17	Revaluation reserve	43,665	40,528	43,665	40,528
18	General reserve	100,521	93,173	100,521	93,084
	Total funds	219,402	216,453	219,402	216,364

Approved by the Board of Trustees on 28 November 2012 and signed on its behalf by:

Dame Jenny Abramsky
Chairman, Board of Trustees

Richard Cryer
Director of Finance and Estates

Professor Sir Adrian Smith
Vice-Chancellor

The notes on pages 40 to 55 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 July 2012

Note		2012 £'000	2011 £'000
21	Net inflow from operating activities	16,325	8,994
22	Returns on investments and servicing of finance	900	334
23	Capital expenditure and financial investment	(2,635)	(11,501)
	Cash inflow/(outflow) before management of liquid resources and financing	14,590	(2,173)
24	Management of liquid resources	(17,667)	(35)
25	Financing	(127)	(219)
	Decrease in cash	(3,204)	(2,427)
Reconciliation of net cash flow to movement in net debt			
24	Decrease in cash for the period	(3,204)	(2,427)
24	Decrease in short term deposits	(583)	(4,965)
24	Increase in current asset investments	18,305	5,000
24	Decrease in net loan finance	127	219
	Change in net funds	14,645	(2,173)
	Net debt at 1 August	(30,470)	(28,297)
	Net debt at 31 July	(15,825)	(30,470)

Notes to the financial statements

for the year ended 31 July 2012

1. Funding body grants

	2012 £'000	2011 £'000
Higher Education Funding Council for England – recurrent	10,867	11,575
Release of deferred capital grants: (note 15)		
Buildings	173	353
Equipment	44	44
	11,084	11,972

2. Tuition fees and education contracts

	2012 £'000	2011 £'000
University of London International Academy and overseas student fees	49,984	42,780
Home full time postgraduate fees	533	526
Part time fees	330	286
	50,847	43,592

3. Research grants and contracts

	2012 £'000	2011 £'000
Research councils	352	555
UK-based charities	218	348
UK Government bodies	86	252
EU Government and other bodies	345	161
Other	88	200
	1,089	1,516

4. Other operating income

	2012 £'000	2011 £'000
Colleges: subscriptions and charges	8,915	9,086
Residences and catering	27,313	23,410
Estates revenue	3,840	3,599
Other general income	15,001	14,299
Services rendered by the Deaneries	19,142	34,548
Examination services for colleges	103	81
Donations	432	490
Deferred capital grants (note 15)	137	140
	74,883	85,653

5. Endowment and investment income

	2012 £'000	2011 £'000
Transferred from permanent endowments (note 16)	2,237	2,165
Transferred from expendable endowments (note 16)	889	679
Other interest receivable	492	200
	3,618	3,044

Notes to the financial statements

for the year ended 31 July 2012

6. Staff costs

	2012 £'000	2011 £'000
Salaries	41,348	40,489
Social security costs	3,496	3,421
Other pension costs	7,844	7,587
	52,688	51,497

The above is analysed as follows:

University	34,432	32,628
Deaneries	18,256	18,869
	52,688	51,497

Emoluments of the Vice-Chancellor

Professor Geoffrey Crossick (from 1 September 2010)

Salary	146	124
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Sir Graeme Davies (to 31 August 2010)

Salary	–	14
Benefits in kind	–	1
	–	15

	2012 Number of staff	2011 Number of staff
Average staff numbers by category expressed as full time equivalents		
University	743	733
Deaneries	312	329
	1,055	1,062

Remuneration of other higher paid staff, excluding employer's pension contributions

	University		Deaneries	
	2012 Number of staff	2011 Number of staff	2012 Number of staff	2011 Number of staff
£100,000 – £109,999	–	1	1	3
£110,000 – £119,999	1	–	2	1
£120,000 – £129,999	–	1	–	2
£130,000 – £139,999	1	2	2	2
£140,000 – £149,999	–	–	–	1
£210,000 – £219,999	–	–	–	1

	2012 £'000	2011 £'000
Included in the remuneration of other higher paid staff are compensation payments		
University	–	159
Deaneries	–	110

7. Expenditure by activity

	Staff costs £'000	Other operating costs £'000	Depreciation £'000	Interest payable £'000	2012 £'000	2011 £'000
Academic departments	6,683	3,289	212	–	10,184	9,939
Academic services	7,768	5,402	490	–	13,660	12,664
University of London International Academy	8,531	33,897	1,117	–	43,545	37,838
Central services	4,248	5,432	344	877	10,901	10,406
General education expenses	240	3,048	–	–	3,288	2,595
Staff and students	4,043	980	–	–	5,023	4,990
Maintenance	998	7,486	2,651	–	11,135	10,197
Residences and catering	1,247	13,920	2,068	1,841	19,076	17,017
Research grants	675	324	–	–	999	1,267
Services rendered by the Deaneries	18,255	888	–	–	19,143	34,751
	52,688	74,666	6,882	2,718	136,954	141,664

	2012 £'000	2011 £'000
External auditors' remuneration		
– Fees payable for audit of financial statements	77	62
– Non audit services	32	7
Internal auditors' remuneration	63	90
Hire of plant and machinery – operating leases	122	22
Hire of other assets – operating leases	276	270

8. Interest payable

	2012 £'000	2011 £'000
On loan repayable before one year to five years	166	130
On loans not wholly repayable within five years	2,552	2,580
	2,718	2,710

Notes to the financial statements

for the year ended 31 July 2012

9. Tangible fixed assets

Consolidated	Land and buildings				Equipment	Heritage assets	Total
	Freehold	Long leasehold	Short leasehold	Under construction			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
1 August 2011	170,894	617	6,737	7,252	14,749	2,261	202,510
Additions during the year	1,192	–	–	3,858	928	–	5,978
Completed during the year	6,840	–	–	(7,291)	451	–	–
Disposals during the year	(11,848)	–	–	(90)	(612)	–	(12,550)
31 July 2012	167,078	617	6,737	3,729	15,516	2,261	195,938
Depreciation							
1 August 2011	31,071	186	3,577	–	6,959	–	41,793
Charge for the year	4,563	8	184	–	2,127	–	6,882
Disposals during the year	(4,210)	–	–	–	(600)	–	(4,810)
31 July 2012	31,424	194	3,761	–	8,486	–	43,865
Net book value 31 July 2012	135,654	423	2,976	3,729	7,030	2,261	152,073
Net book value 1 August 2011	139,823	431	3,160	7,252	7,790	2,261	160,717
University							
	Freehold	Long leasehold	Short leasehold	Under construction	Equipment	Heritage assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
1 August 2011	170,794	617	6,737	6,946	10,130	2,261	197,485
Additions during the year	1,192	–	–	3,644	932	–	5,768
Completed during the year	6,840	–	–	(6,840)	–	–	–
Disposals during the year	(11,848)	–	–	(90)	(29)	–	(11,967)
31 July 2012	166,978	617	6,737	3,660	11,033	2,261	191,286
Depreciation							
1 August 2011	30,988	186	3,577	–	4,243	–	38,994
Charge for the year	4,558	8	184	–	1,597	–	6,347
Disposals during the year	(4,210)	–	–	–	(29)	–	(4,239)
31 July 2012	31,336	194	3,761	–	5,811	–	41,102
Net book value 31 July 2012	135,642	423	2,976	3,660	5,222	2,261	150,184
Net book value 1 August 2011	139,806	431	3,160	6,946	5,887	2,261	158,491

9. Tangible fixed assets continued**Heritage assets**

Heritage Assets, recognised at valuation, exclude historic assets which are used by the University and comprise a collection of donated pictures and other artefacts. The collection is normally on display at the University's premises.

The University's external valuer, Bonhams, valued the major part of this collection in 2004 and the remainder in 2010 on the basis of the price of each item if purchased on appropriate retail premises.

10. Intangible assets

	2012 £'000	2011 £'000
Consolidated and University		
Cost		
1 August	628	552
Additions during the year	–	76
31 July	628	628
Amortisation		
1 August	316	191
Charge for the year	75	125
31 July	391	316
Net book value 31 July	237	312

Intangible assets represent course development expenditure within the University of London International Academy.

Notes to the financial statements

for the year ended 31 July 2012

11. Consolidated and University investments

At market value	Endowment	Investment	Other	2012	Endowment	Investment	Other	2011
	investments	properties	investments	Total	investments	properties	investments	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 August	60,996	39,362	3,880	104,238	51,307	32,691	3,599	87,597
Additions	1,262	–	–	1,262	5,440	–	266	5,706
Disposals	–	–	–	–	–	–	(266)	(266)
Revaluation	(1,266)	3,159	(77)	1,816	4,249	6,671	281	11,201
	60,992	42,521	3,803	107,316	60,996	39,362	3,880	104,238
Short term deposits and cash	3,153	–	–	3,153	3,736	–	–	3,736
31 July	64,145	42,521	3,803	110,469	64,732	39,362	3,880	107,974
Investments held are analysed as follows:								
Unified Trust Fund holdings	60,992	–	3,803	64,795	60,996	–	3,880	64,876
Properties	–	42,521	–	42,521	–	39,362	–	39,362
	60,992	42,521	3,803	107,316	60,996	39,362	3,880	104,238
At cost								
Unified Trust Fund holdings	32,487	–	2,211	34,698	31,226	–	2,211	33,437
Properties	–	502	–	502	–	502	–	502
	32,487	502	2,211	35,200	31,226	502	2,211	33,939

Investment in subsidiary companies at net asset value

The University of London owns 100% of the issued share capital of 1 £1 Ordinary Share of Senate House Services Limited, a company registered in England and Wales. The principal activity of the company is the provision of operational services to the University of London and its Colleges. At 31 July 2012 Senate House Services Limited had a deficiency of net assets of £38,000 and accordingly, in the balance sheet of the University at this date the value of Investments, including the subsidiary, is reduced by this amount to £46,286,000.

Setoncrest Limited and Law 646 Limited, which both have issued share capital of £2 and are owned 100% by the University of London, have not traded in the year. UMBSM Services Limited, which is incorporated in Scotland with an issued share capital of £1 wholly owned by the University of London, has also not traded in the year.

Investment properties

The investment properties were valued at 31 July 2012 by Knight Frank LLP, Chartered Surveyors. The valuation method adopted has been to capitalise both the term at passing rent and the reversionary interest at market rent. Appropriate yields have been applied to the term and reversion respectively in order to provide an investment value of the University's interest in the land and buildings after making allowance for purchaser's costs.

12. Debtors

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	8,772	8,060	6,972	7,174
Other debtors	219	383	219	383
Prepayments and accrued income	2,393	3,220	2,043	2,894
Amounts owed by group undertaking	–	–	2,219	2,159
	11,384	11,663	11,453	12,610

Prepayments and accrued income includes £391,000 (2011 : £120,000) in respect of tuition fees for periods after more than one year.

13. Creditors: amounts falling due within one year

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	9,340	12,306	9,090	11,811
Finance lease and other long term loans	–	127	–	127
Grants received in advance	406	1,213	406	1,213
Other taxation and social security	2,768	2,376	2,424	2,394
Accruals and deferred income	25,194	15,237	23,894	14,430
	37,708	31,259	35,814	29,975

Notes to the financial statements

for the year ended 31 July 2012

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

	2012 £'000	2011 £'000
Consolidated and University		
Bank loans	60,000	60,000
Other loans	250	250
	60,250	60,250

BORROWINGS

	Bank loans		Finance leases		Other loans	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Consolidated and University						
Obligations are repayable as follows:						
Between one and two years	–	–	–	–	–	–
Between two and five years	10,000	10,000	–	–	–	–
Over five years	50,000	50,000	–	–	250	250
Total over one year	60,000	60,000	–	–	250	250
Within one year (note 13)	–	–	–	127	–	–
Total due	60,000	60,000	–	127	250	250

BANK LOANS

Lender	Date loan obtained	Final repayment due date	Interest rate	Balance	Balance
				outstanding	outstanding
				2012 £'000	2011 £'000
RBS (unsecured)	2007	2047	Fixed 5.1%	50,000	50,000
Barclays (unsecured)	2010	2015	0.95% over LIBOR	10,000	10,000
Total over one year				60,000	60,000

The first repayment on the RBS unsecured loan is due in 2018. The Barclays loan is repayable on 30 September 2015.

15. Deferred capital grants

Consolidated and University	Government and agencies HEFCE £'000	Other grants and benefactions £'000	Total £'000
Land and buildings	12,903	4,693	17,596
Equipment	278	146	424
1 August 2010	13,181	4,839	18,020
Land and buildings	35	–	35
Equipment	–	–	–
Additions	35	–	35
Land and buildings	173	129	302
Equipment	44	8	52
Released to income and expenditure account	217	137	354
Land and buildings	6,490	140	6,630
Equipment	–	–	–
Released on disposal	6,490	140	6,630
Land and buildings	6,275	4,424	10,699
Equipment	234	138	372
31 July 2012	6,509	4,562	11,071

16. Endowments

Consolidated and University	Restricted permanent £'000	Restricted expendable £'000	Total 2012 £'000	Total 2011 £'000
Capital	50,104	5,914	56,018	51,659
Accumulated income	7,167	1,547	8,714	8,349
At 1 August	57,271	7,461	64,732	60,008
New endowments	404	712	1,116	446
Investment income	2,237	889	3,126	2,844
Expenditure	(2,542)	(1,021)	(3,563)	(2,815)
(Decrease)/increase in market value of investments	(1,167)	(99)	(1,266)	4,249
31 July	(1,068)	481	(587)	4,724
Represented by:				
Capital	49,448	6,357	55,805	56,018
Accumulated income	6,755	1,585	8,340	8,714
	56,203	7,942	64,145	64,732

Notes to the financial statements

for the year ended 31 July 2012

16. Endowments continued

Linked charities

Following HEFCE becoming the principal regulator for charities administered by English Higher Education Institutions, additional disclosure is required in the case of those exempt charities that are administered by or on behalf of the University which fall within paragraph (w) of Schedule 2 of the Charities Act 1993.

	Note	Number of Trusts	Opening Fund Balance £'000	Income £'000	Capital Appreciation £'000	New Capital £'000	Expenditure £'000	Closing Fund Balance £'000
Individual Charities								
Scholarship Fund	a		9,323	382	(206)	(27)	349	9,123
Convocation	b		2,119	301	(137)	300	355	2,228
Chadburn Lectureship	c		7,393	275	(111)	–	57	7,500
Teachers of Anatomy	d		93	284	–	–	249	128
Maplethorpe	e		4,494	175	(88)	–	202	4,379
Perrin	f		2,903	110	(53)	–	189	2,771
Summarised Charities								
Research Support		94	28,021	1,187	(380)	574	1,584	27,818
General central		22	4,297	160	(168)	177	158	4,308
University support:								
Bursary/Scholarship		22	4,814	189	(122)	79	381	4,579
Prize funds		9	1,275	63	(1)	13	39	1,311
			64,732	3,126	(1,266)	1,116	3,563	64,145

a Scholarship Fund

The Charity Commission approved a new scheme on 9 February 2011 for the use of these combined charitable trusts. The income is to be distributed to the Colleges of the University of London for three purposes; by awarding prizes, to undertake research, to provide studentships.

b Convocation

This trust receives donations from University of London alumni and is used to support federal student services.

c Chadburn Lectureship

This trust is to support up to two Lectureships in Medicine on a part time basis to provide opportunities for Doctors in training whose personal circumstances preclude a full time commitment to their careers.

d Teachers of Anatomy

This trust is to promote the study of anatomy within institutions of medical education in South East England by providing cadavers for the purpose of teaching and research in anatomy.

e Maplethorpe

This trust is to support up to two annual Lectureships in the study of pharmacy.

f Perrin

This trust is for the furtherance of astronomical knowledge and the study of astronomy.

17. Revaluation reserves

	2012 £'000	2011 £'000
Consolidated and University		
1 August	40,528	33,576
(Depreciation)/appreciation of long term investments (note 11)	(77)	281
Appreciation of current asset investments	55	–
Revaluation of investment properties (note 11)	3,159	6,671
31 July	43,665	40,528

18. General reserves

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
1 August	93,173	88,941	93,084	88,771
Transfer from income and expenditure	7,348	4,232	7,437	4,313
31 July	100,521	93,173	100,521	93,084

19. Access funds

	2012 £'000	2011 £'000
1 August	–	–
Net received from HEFCE	2	2
Disbursed to students	(2)	(2)
31 July	–	–

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

20. 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Expiry date:				
Less than one year	136	–	79	–
Between one and five years	97	230	74	24
More than five years	222	186	–	–

Notes to the financial statements

for the year ended 31 July 2012

21. Reconciliation of consolidated surplus for the year to net cash inflow from operating activities

	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation and disposal of assets	6,911	4,261
Items not involving cash movements:		
Depreciation	6,882	6,097
Amortisation of intangible assets	75	125
Deferred capital grants released	(354)	(537)
(Increase)/decrease in stocks	(800)	459
Decrease/(increase) in debtors	279	(1,106)
Increase in creditors	6,576	177
Items which are not operating activities:		
Surplus on disposal of tangible assets	(2,344)	(148)
Interest payable	2,718	2,710
Endowment and investment income	(3,618)	(3,044)
Net cash inflow from operating activities	16,325	8,994

22. Returns from investments and servicing of finance

	2012 £'000	2011 £'000
Income from endowments	3,126	2,844
Income from short term investments	492	200
Interest payable	(2,718)	(2,710)
Net cash inflow from returns on investments and servicing of finance	900	334

23. Capital expenditure and financial investment

	2012 £'000	2011 £'000
Tangible assets acquired	(5,978)	(6,709)
Intangible assets acquired	–	(76)
Endowment assets acquired	(1,261)	(5,440)
Receipts from sale of tangible assets	3,454	205
Deferred capital grants received	35	73
Endowments received	1,115	446
	(2,635)	(11,501)

24. Analysis of changes in net debt

	1 August 2011 £'000	Cashflows £'000	Transfers £'000	31 July 2012 £'000
Cash at bank and in hand	11,171	(3,204)	–	7,967
Endowment assets – short term deposits	3,736	(583)	–	3,153
	14,907	(3,787)	–	11,120
Current asset investments	15,000	18,250	55	33,305
Debt due within one year	(127)	127	–	–
Debt due after one year	(60,250)	–	–	(60,250)
Net debt	(30,470)	14,590	55	(15,825)

Management of liquid resources comprises endowment assets – short term deposits and current asset investments.

25. Financing

	2012 £'000	2011 £'000
1 August	60,377	60,596
Capital repayments	(127)	(219)
31 July	60,250	60,377

Notes to the financial statements

for the year ended 31 July 2012

26. Pension obligations

Pension Schemes

The University's staff participate in three principal pension schemes: the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the National Health Service Scheme (NHSS). These three schemes are all multi-employer schemes with the assets of USS and SAUL being held in separate trustee administered funds. It is not possible to identify the University's share of the underlying assets and liabilities accurately and therefore contributions are accounted for, as permitted by FRS 17, as if they were defined contribution schemes with the cost recognised for the year in the income and expenditure account being equal to the contributions.

The schemes, which are defined benefit arrangements, are externally funded and contracted out of the State Second Pension (S2P) and both USS and SAUL are valued every three years by professionally qualified independent actuaries using the projected unit method.

USS

The most recent actuarial valuation of the scheme was at 31 March 2011 using the projected unit method and the key assumptions and data were as follows:

	Past service	Future service
Investment returns per annum	6.1%	6.1%
Salary scale increases per annum	4.4%	4.4%
Pension increases per annum	3.4%	3.4%
Regular contribution rates –		
employer	16.0%	
employee	6.35%	
Market value of assets at date of last valuation	£32,434M	
Proportion of members' accrued benefits covered by the actuarial value of assets at 31 March 2011	92%	

As at the valuation date, the scheme was still a fully Final Salary Scheme. On 1 October 2011, a number of changes to the benefits became effective. New entrants are now provided on a Career Revalued Benefits basis, the normal pension age was increased for future service and new entrants to 65 and flexible retirement options were introduced. Employer contributions for both Final Salary (FS) section and Career Revalued Benefits (CRB) section members are generally at 16%. Contributions for employees were increased to 7.5% for FS Section members and 6.5% for CRB Section members.

SAUL

The most recent actuarial valuation of the scheme was at 31 March 2011 using the projected unit method and the key assumptions and data were as follows:

	Past service	Future service
Investment returns per annum	6.8%	6.8%
Salary scale increases per annum	3.75%	3.75%
Pension increases per annum	2.8%	2.8%
Market value of assets at date of last valuation	£1,506M	
Regular contribution rates –		
employer	13.0%	
employee	6.00%	
Proportion of members' accrued benefits covered by the actuarial value of assets at 31 March 2011	95%	

As at the valuation date, the scheme was still a fully Final Salary Scheme. With effect from 1 July 2012, new entrants are provided on a Career Averaged Revalued Earnings basis. Employer contributions for both Final Salary (FS) section and Career Averaged Revalued Earnings (CARE) section members were 13%. Contributions for employees remained at 6% for FS Section members and CARE Section members.

26. Pension obligations continued**NHSS**

The NHS Pension Scheme (NHSS) 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 to identify its share of the underlying scheme assets and liabilities. The University therefore accounts for its pension costs in respect of the scheme on a defined contribution basis, as permitted by FRS 17 *Retirement Benefits*, thereby charging to its accounts the contributions payable to the scheme for the year. The NHS Pension Scheme is funded centrally by the Treasury on a current cost basis.

Other pension arrangements

Members of staff, employed by the University of London Institute 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. Accordingly, the University accounts for its pension costs in respect of these schemes, as permitted by FRS 17 *Retirement Benefits*, by charging to its accounts the contributions payable for the year.

27. Capital commitments

Consolidated and University	2012 £'000	2011 £'000
Contracted at 31 July	900	1,600
Authorised but not contracted at 31 July	9,300	–
	10,200	1,600

28. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Trustees and the Collegiate Council it is inevitable that transactions will take place with organisations in which a member of the Board or Council may have an interest. The Corporate Governance Statement (page 22) sets out in more detail the relationship between the University and its Colleges. All transactions involving organisations in which a member of the Board or Council may have an interest are conducted at arm's length in accordance with the University's financial regulations and normal procurement procedures and none of these transactions fall to being disclosed as being with related parties as defined by FRS 8 Related Party Disclosures. In line with the Committee of University Chairman guidance, all members of the Board and the Collegiate Council are required to complete a register of interests to record any areas of potential conflict with the interests of the University.

Trustees are not entitled to and did not receive any remuneration for their services. Three Trustees received a total of £2,000 (2010-11: 3 Trustees £2,000) representing the reimbursement of travel and subsistence expenses incurred in attending Board of Trustees and Committee meetings and events in their official capacity.

About us

The University of London is a federal University and is one of the oldest, largest and most diverse universities in the UK. Established by Royal Charter in 1836, the University is recognised globally as a world leader in Higher Education.

It consists of 18 self-governing Colleges of outstanding reputation, together with a range of prestigious central academic bodies and activities.

Colleges

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

Central Institutes

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 of Philosophy
Institute for the Study of the Americas
Warburg Institute
University of London International Academy
University of London Institute in Paris
University Marine Biological Station, Millport

Central Activities

The Careers Group University of London
Central Administrative and Support Services
Intercollegiate Halls of Residence
Postgraduate Medical and Dental Deaneries
Senate House Libraries
University of London Computer Centre
University of London Housing Services
University of London Union

The financial statements consolidate the central institutes and central activities of the University with the exception of the University of London Union.





**UNIVERSITY
OF LONDON**

**Annual Report and
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