

# Annual Report and Financial Statements 2012–13

## University of London Central Institutes and Activities





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 academic bodies based at Senate House. The latter are collectively known as the ‘School of Advanced Study’; together they serve and support both the interests of the Colleges and the broader achievements of UK higher education. With the central professional services they 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.



# Contents

2	<b>Vice-Chancellor's review</b>
11	<b>Chancellor's engagements</b>
14	<b>Financial review</b>
19	<b>Corporate governance statement</b>
21	<b>Membership and responsibilities of the Board of Trustees</b>
23	<b>Statement of internal control by the Board of Trustees</b>
24	<b>Independent auditors' report to the Board of Trustees of the University of London</b>
25	<b>Statement of the University's principal accounting policies</b>
29	<b>Consolidated income and expenditure account</b>
30	<b>Statement of consolidated total recognised gains and losses</b>
31	<b>Balance sheets</b>
32	<b>Consolidated cash flow statement</b>
33	<b>Notes to the financial statements</b>
55	<b>About us</b>

## Vice-Chancellor's review



This was an exceptionally busy year in the higher education sector. The full impact of student loans, the rise of Massive Open Online Courses (MOOCs), increased international competition and a reduction in funding levels have all altered the higher education landscape. The past two years have seen change happen at a faster pace than at any time in living memory.

I took up my post in September 2012, and have been greatly impressed by the commitment shown by all the people who work here at Senate House. A significant number of senior staff took up their posts during the course of the year, and with their support and expertise we are very well placed to contribute with renewed vigour to the academic life of London, the UK and the international marketplace.

*Above left to right*

Professor Sir Adrian Smith,  
Vice-Chancellor, University  
of London

Jenny Abramsky,  
Chair of the University of  
London's Board of Trustees

Chris Cobb,  
Chief Operating Officer and  
University Secretary

## A vote of confidence in the School of Advanced Study

The focus this year was on the School of Advanced Study's (SAS) successful review by the Higher Education Funding Council for England (HEFCE). In February 2013, HEFCE published its report announcing that public funding for the School will continue at the current level on the basis of a five-year rolling grant. HEFCE's decision, in an especially competitive public funding climate for higher education, reinforces the importance of the public benefit delivered by the School as a national and, critically, a neutral research hub.

One of the most gratifying outcomes of the review is that SAS will no longer be subject to 'cliff-edge' quinquennial review. Instead, the funding will roll on from year to year with a Strategic Advisory Group, which will include HEFCE membership, undertaking a light touch review of the School annually to satisfy itself that



*Right*

Professor James Shapiro is the Larry Miller Professor of English and Comparative Literature at Columbia University

*Above right*

Professor Barry Smith, Director of the Institute of Philosophy

it is still providing public benefit. These new arrangements mean that SAS will no longer be subject to planning blight from around year three of the previous review cycle. Instead the School can now plan with confidence for the future.

The School has had many highlights in 2012–13 in support of its national mission to support and promote research in the humanities, and these include:

**The continued development of innovative digital resource provision.** In January 2013, SAS launched the UK's first – and freely available – online training platform for the study of medieval manuscripts, or palaeography. InScribe provides a set of distance learning materials suitable both for someone interested in exploring palaeography for the first time, as well as for those in need of a refresher course. The initiative has been developed by several of the School's institutes, including the institutes of Historical Research and English Studies, with support from the Senate House Library and Exeter Cathedral Library and Archives. While it is designed for postgraduate students and academics, interested members of the public are also welcome to use the platform.



### Enhanced fellowship opportunities for outstanding visiting researchers.

During May and June, the School was delighted to welcome Professor James Shapiro, who is the Larry Miller Professor of English and Comparative Literature at Columbia University, as the holder of its prestigious invitation-only ST Lee Visiting Professorial Fellowship for 2012–13. Professor Shapiro gave a series of public lectures during his time in the UK – at the universities of Durham, London and Sussex – covering a range of topics including early modern biography and the Cowell manuscript.

### An events programme that maximises intellectual outreach to the academic and non-academic sectors.

The School continued to manage and develop the University of London iTunes U platform and to make podcasts available from its own YouTube channel. These projects, led by the School's Communications Office, have enabled SAS and the University to make events and other research resources freely available to new audiences around the world. In the first two years, these platforms have received around 400,000 visits and more than 350,000 podcasts have been viewed or downloaded.

### Fostering interdisciplinary networks and collaborative opportunities.

In November 2012, Professor Barry Smith (Director of the Institute of Philosophy) was appointed as the Arts and Humanities Research Council (AHRC) Leadership Fellow for the theme of Science and Culture. Identified through the Future Directions consultation in 2009, the AHRC's themes provide a funding focus for emerging areas of interest to arts and humanities researchers. These Leadership Fellows will provide intellectual and strategic leadership for the further development of the themes and will work closely with senior AHRC Programmes staff to develop partnerships within and beyond academia.



# Vice-Chancellor's review *continued*



## International Programmes continues to grow

The University of London International Programmes had another successful year. Student numbers increased to over 54,000 and over 7,600 students graduated with an award. Our income grew by around 5% to over £53.2 million. This enabled over £20 million to be paid to Lead Colleges for their contribution to this success. The University was able to retain a surplus of £3.5 million to use for investment development and reserves.

During the year a number of new programmes were launched; these included a new Level 3 International Foundation programme in collaboration with the LSE, and two new masters programmes in collaboration with SOAS – an MA in Global Diplomacy and an MSc in Public Financial Management. Initial indications are that the courses have recruited well.

During the year the University of London, through the International Programmes, became the first English university to launch MOOC courses on the online Coursera platform. Four courses were launched, with the academic content provided by staff from Goldsmiths and Royal Holloway, and academics from the Laws Consortium. Over 200,000 students registered for the MOOCs and some 98,000 students actively engaged with the content. The English Common Law MOOC was completed in full by 18% of all students who had initially registered. This is one of the highest completion rates recorded for any MOOC on the Coursera platform.

Our graduation ceremony this year was attended by a record number of students and their guests, bringing the total to more than 2,600 people from over 80 countries. The event was broadcast live on the internet, with over 50,000 people viewing the ceremony online. This year we have again been able to increase our network of teaching institutions which

now covers over 40 countries and provides academic learning support for over 60% of our students.

During the year, I instigated a review of the International Programmes with the core aim of growing student recruitment and increasing the number of courses that it offers as part of a more varied collaboration model with the Lead Colleges. Initial feedback on the review has been positive.

New contractual frameworks have also been successfully agreed with a number of Lead Colleges and it is hoped that new contracts will have been agreed with all Lead Colleges during 2013–14.



*Far left*

Tommy Bowe, the Irish international rugby union player, visited the University of London International Programmes in July 2013, where he was presented with an original print of Senate House, home of the University of London. Tommy, a student of the International Programmes made the visit following his victory against Australia with the British and Irish Lions.

*Right above*

Professor Jonathan Kydd is interviewed for the live webcast at the 2012 London Graduation Ceremony for the International Programmes.

*'Student numbers increased to over 54,000 and more than 7,600 students graduated with an award'*



Above

The Rt. Hon. David Willetts MP, Minister for Universities and Science, delivered a keynote speech at the University of London Institute in Paris' (ULIP) Graduation ceremony on 17 January 2013.

## New developments in Paris

In 2012 ULIP successfully published its new critical journal, *Francosphères* (now on its 4th issue), and launched a "Morocco special" in 2013 as part of the development of ULIP's new research centre, SENAR: the centre for the Study of European and North-African Relations. Other recent research activities include the publication of two books: *Paris Amsterdam Underground* published by Amsterdam University Press, edited by Professor Andrew Hussey OBE, Dean of ULIP, and Dr Christophe Linder from the University of Amsterdam, and *The Cambridge Companion to the Literature of Paris* published by Cambridge University Press and edited by Dr Anna-Louise Milne.

ULIP's profile was boosted through a number of television and radio appearances by the Dean, Professor Andrew Hussey who presented the popular BBC 4 documentary, "Treasures of the Louvre", which was broadcast in March 2013. He also presented and appeared in several BBC Radio 4 broadcasts over the course of the year.

2012 saw the launch of the QM LLM in Paris, taught in ULIP premises. The programme has recruited well and received an award from the Franco-British Lawyers Society.

Will Self chaired a round-table discussion at ULIP on psychogeography in April 2013, and has been named Visiting Professor on ULIP's MA in Paris Studies: History and Culture, alongside Franco-British journalist Agnes Poirier.

New programmes included a French with Spanish degree taught from Paris and Madrid, and an Arabic summer school to be taught from Rabat.

*'the profile of Senate House Library is now firmly re-established'*

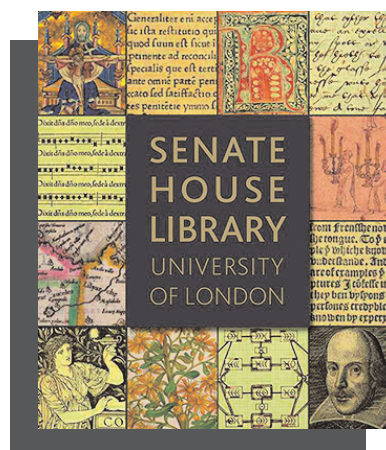
Alongside the British Council, ULIP is positioning itself at the forefront of the campaign to reverse the decline in the study of modern foreign languages in the UK. In 2012 ULIP became a consortium member of the association, Routes into Languages.

## Senate House Libraries

This was the year that saw the Senate House Libraries deficit reduce substantially, achieved mainly through targeted cuts whilst at the same time developing a compelling and creative narrative for the future. Following the loss of National Research Library status in 2009, it has been a challenging time, but the profile of Senate House Library is now firmly re-established. We aim to reclaim Research Library status in the short to medium term.

It would be impossible not to mention the national furore that was stirred up in the late summer of 2013 by the University's proposal to consult over the possible sale of four Shakespeare Folios held in the Sterling Library. I was disappointed that our initial attempts to explore the wider academic community's views was made a matter of public record immediately. So the possibility of obtaining consent for the sale became extremely unlikely. This closed down the opportunity for us to have a reasoned, calm debate over how the Library might increase its ability to acquire new resources for key areas of scholarship, such as 20th and 21st century literature. Although we did not initiate formal consultation and it was decided there will be no sale of those items, there is much to discuss around the areas of fundraising and development for the historic collections. Over the summer we have been further exploring our options on ways of increasing revenue through a development programme.

The publication in November 2012 of *Senate House Library*, a lavishly illustrated volume edited by Christopher Pressler and Karen Attar, showed just how rich is the Library's holding of valuable books, manuscripts and other items.





# Vice-Chancellor's review *continued*

Innovation is at the forefront of the ways in which the Library delivers its services. It is now the only major research library with a Digital Environments Department as opposed to the more traditional library technical services. This has allowed us a new approach to the design and delivery of our services, such as our personal device 'Everyware' project and the development of our new web presence. This approach has also attracted important new partnerships, including that with Apple, with whom we are working on a Department for Culture, Media and Sport (DCMS) sponsored project with Camden Borough Council, on the lifelong role of libraries and technology.

## A new deal for student services

In July 2013 the Collegiate Council and the Board of Trustees formally agreed the actions which, by next summer, will bring to an end the 60-year history of the old federal Students' Union (ULU), and replace it with a Student Centre offering an extended range of fit-for-purpose services to students across the University.

The need for change goes back many years, but was accelerated in 2012 by the advice from six College Students' Unions that they were close to a mass resignation from ULU, and a request to the University to undertake a thorough review. Led by the Deputy Vice-Chancellor, Professor Paul Webley, and the Deputy University Secretary, Maureen Boylan, the review ran throughout 2012/13 and called in evidence and opinions from ULU itself, all College Students' Unions, the National Union of Students (NUS), British University and Colleges Sports (BUCS) and Heads of Colleges.

The overwhelming evidence was that ULU as a student union had essentially outlived its usefulness and did not command the loyalty, interest or support of the student body. In July 2013, College heads took the decision to stop the Colleges' subsidy of ULU and redirect that money directly into their own SUs or other local student service.

When it was set up in 1955, ULU provided typical SU services across the whole University: inter-collegiate sports, shared social activities, shared space, a focus for student campaigning and important rights of representation in academic, welfare and disciplinary matters within the University. By the 2000s the University structure, student politics, and College provision were unrecognisable from those origins. All Colleges have their own Students' Unions and all are required to provide for representation and welfare. Even the smallest Student Unions also offer some social and sporting framework and in the larger Colleges, provision is extensive and offered by independently and professionally staffed SUs. In the past decade, a typical election for a post on the ULU Executive has attracted less than 2% voter turnout. As a political entity, the message from the Colleges was that ULU added little value to the student experience.



Above

Maureen Boylan,  
Deputy University Secretary

However, evidence from the review also pointed to strong support for the facilities provided in the ULU Building on Malet Street – the largest swimming pool in central London, a gym, sports halls, a venue for live music and events, student-friendly shops, cafes and bars, meeting places for inter-collegiate clubs and societies, a neutral place in the University that all students had equal rights to use, and the staff to support it.

So this is the template for the future: plans are developing to build on the services that are already established and valued, to develop a vibrant, sustainable Student Centre that will cater for the needs of smaller Colleges, complement the services available in the larger Colleges, and enhance the experience of being a student at the University of London.

## Securing a future for Millport

In 2013, following a warning from HEFCE that it was no longer prepared to fund the activity, the University took the difficult decision to end its connection with the University Marine Biological Station at Millport.

Although the Station had been running in deficit for many years, the University came to this decision very reluctantly. The research activity at Millport had declined but student groups from all over the UK were still flocking to the Station for field courses in Marine Science of a kind that simply could not be replicated anywhere else. Millport, on the Isle of Cumbrae in the Firth of Clyde, is a safe shallow bay, offering an exceptional range of marine biological habitats, with student accommodation five minutes' walk from the jetty and deep-water study less than 15 minutes out to sea. Generations of student visitors undoubtedly enjoyed and benefited from their experience.

*'The overwhelming evidence was that ULU as a student union had essentially outlived its usefulness and did not command the loyalty, interest or support of the student body'*





*Above*

Anne-Marie Martin,  
Director of Shared  
Services for Students  
and Graduates.

Nonetheless, without the HEFCE grant, the position was untenable, as the University's subsidy for Millport users was set to double. An alternative station, with superior research provision but a lower quality of student experience and a limited natural environment, was being supported by Scottish government funding, and without the possibility of developing research, Scottish universities were unwilling to take on financial responsibility for Millport.

In deciding to close the Station, the Board of Trustees stipulated that every effort should be made to find alternative owners and to try to preserve jobs, in what was already an economically fragile environment.

Publicity and politics around the issue became very lively, and while the support of the academic community globally remained strong and sympathetic, the activities and motivations of various interest groups were an education in themselves. While party politics played out at local and national level in Scotland, the University entered into an excellent relationship with the Field Studies Council (FSC), a charity that runs fieldwork centres throughout the UK, and whose educational interests overlap with, but are much wider than, the University's. The FSC has a strong reach into the secondary school and adult leisure markets, as well as providing for undergraduate and masters-level field work.

From a first meeting in April between the Vice-Chancellor, Deputy University Secretary and the Chief Executive of the FSC, the University and FSC were sufficiently confident of one another's good intentions and commitment that both Boards of Trustees felt able to issue a memorandum of understanding in June, providing a future for Millport. The positive impact on the future bookings and on the wider local economy was immediate. The agreement is that the University will freely transfer the assets and liabilities related to the site to the FSC on 1 January 2014. The FSC will re-open the Station as a field studies centre in spring 2014

*'Similarly, in the last twelve months, the University of London Temp Agency has successfully placed 590 students and graduates into work with 78 employers'*

and is committed to a major capital programme, employment of significant numbers of staff, and a continuation of the important work in marine science education that the University has supported since the 1960s.

## A vision for Senate House

The academic activity at the heart of the University's mission needs a building within which it can flourish. During the course of the year, we looked in some detail at the opportunities afforded by the estate, in particular how Senate House might need to be adapted to support the vital research work of its academic institutions. The Beveridge Programme, named after the Vice-Chancellor who was instrumental in the move to Bloomsbury, brings together a project team which has started to review how the University manages its space and workplace practices, to ensure it offers the very best environment for the pursuit of scholarship. Over the course of the coming year the University will also seek advice from federal members on how it can best improve its shared access spaces such as gardens, grounds, cafés, common rooms, car parks, precincts and events spaces to ensure that they are meeting the needs of staff, students, and visitors.

As well as reviewing the physical spaces we own and manage, we are also engaging in new ways of delivering support services such as cleaning and estates maintenance. Much of the summer was spent in negotiations with federal members to establish a Facilities Management Co-operative. This will enable us to buy services that represent better value for money, as well as allowing us to offer improved terms and conditions to front line staff.

## Collaboration through shared services

The newly created Department of Shared Services for Students and Graduates brought together The Careers Group (TCG), The University of London Temp Agency, Housing Services and the Reservations team, and it has had an excellent year with some notable successes.

Following the small pilot in 2012, the Head Tenancy Scheme has had considerable take-up for 2013-14 and is expected to provide a total of 121 bed spaces. This is in the context of the main work of the Reservations team, allocating around 3,000 student bedspaces across the intercollegiate halls of residence and self-catered properties.

Similarly, in the last twelve months, the University of London Temp Agency has successfully placed 590 students and graduates into work with 78 employers (65% in higher education institutions (HEIs)) and has provided the foundation for the highly successful Internship Scheme run by The Careers Group. The Agency also bid successfully for a contract to place

## Vice-Chancellor's review *continued*



graduates into project-based internships in 17 London boroughs over the next four years. The software and expertise in the Agency is now being used to develop a service for placing fixed-term lecturing staff.

The Careers Group currently undertakes the Destinations of Leavers from Higher Education (DLHE) survey for 29 HEIs, and provides data analysis for a further ten institutions. Further contracts are being added, the latest being the University of Westminster. The Careers Group is also piloting a remote careers and employability service with the Home Learning College. TCG launched a suite of four websites showcasing all the services offered to a range of customers – job seekers and recruiters, professional bodies and mid-career changers, and academic institutions.

Elsewhere, the Facilities Management Co-Operative has attracted interest from ten Colleges across the federal University, a number of which are interested in joining the University in its initial implementation phase, which is likely to go live in 2015.

The HR Investigation and Mediation Service was launched in July 2013 and so far has three members from across London, with strong interest expressed by around five others. This service provides experts to support mediation, grievance and disciplinary processes and training, and aims to reduce the need for legal advisors.

The University has also provided governance support to two Colleges.

### **Residential Halls fit for the modern student**

The University is committed to providing good quality, affordable accommodation for its students, and we were delighted when in August 2013, Camden Council's Development Control Committee resolved unanimously to grant planning permission and conservation area consent for the redevelopment of the three intercollegiate Halls of Residence in Cartwright Gardens – the Garden Halls.

#### **Above**

**The highly successful Internship Scheme run by The Careers Group.**

*'the Facilities Management Co-Operative has attracted interest from ten Colleges across the federal University'*



*'The bedrock of ULCC's services is its datacentre, which has continued to grow, in both revenue and scale'*

The oldest of the three existing Halls was built just before the Second World War, and the other two in the 1960s. They are all showing their age and do not provide the type or standard of accommodation that students increasingly expect of an internationally renowned university.

The 1,200 room redevelopment (an increase of 187 rooms) will comprise the refurbishment of the 15-storey Hughes Parry Hall tower, providing 246 self-catered rooms in a cluster flat arrangement; the replacement of the rest of the existing buildings with a fully catered block of 709 en-suite study bedrooms, with a communal dining room and shared amenity space throughout the block; and 245 self-catered en-suite rooms in town houses. We have also undertaken to refurbish the garden opposite the Halls.

This scheme has been developed over the last 18 months in collaboration with University Partnership Programme (UPP), who will provide the facilities management staff to operate the Hall for an initial number of years. Catering and pastoral care will continue to be provided by the University.

### ULCC winning in a competitive market

The year saw ULCC enhance and grow its services across the board, with more external clients, increased revenues, and improved service levels. This was achieved in a rapidly developing market, with institutions facing severe financial constraints, coupled with major developments in technology: the adoption of cloud services becoming a widespread reality in education, and the continuing prevalence of mobile technologies.

The bedrock of ULCC's services is its datacentre, which has continued to grow, in both revenue and scale. A small extension was opened in late summer of 2012, and towards the end of the year a partner was selected to provide a second site for ULCC services outside London. In both cases, immediate customer demand has paid back the investment. Technology developments are moving quickly in this area, and ULCC is responding by developing and enhancing its offer, moving from providing a location for customer equipment to provision of a resilient cloud platform.

The uptake of Moodle as Virtual Learning Environment of choice in Higher Education, saw registered users on ULCC's Hosted Moodle Service grow by 1 million during the reporting period, reaching an impressive 2.48 million in July 2013 – a trend likely to continue in the next academic year. There is now a range of services offered to support learning and teaching, through partnerships with leading suppliers of video management, repositories and mobile services.

As a further enhancement, customers were offered the option of 24/7 support for their Moodle and related services, and to have a fully-configured copy of the customer's service maintained in our second site in case of a serious incident affecting our core service. These two additional options have been taken up by ULCC's major customers, more than repaying the initial investment within the year.

ULCC's Archives and Repositories team overcame tough international competition when its Digital Preservation Training Programme (DPTP) was recognised for 'outstanding contribution to safeguard digital future' and claimed the Digital Preservation Coalition (DPC) Award for Teaching and Communications at a ceremony that celebrating the DPC's 10th anniversary.

An important team within ULCC provides support to further adult education and other education providers in the London region on behalf of JISC, which invests in technology in education on behalf of the funding councils. Notwithstanding pressure on this funding, and the need for cuts to be made, ULCC has continued at its previous level, reflecting the high esteem and value in which it is held.

ULCC's Service Management Improvement Programme (SMIP) consolidated a number of disparate systems into a single Central Service Desk which logs and records all support queries from the Central University and London Deanery staff as well as 300+ educational institutions which are serviced by ULCC.

By consolidating the Service Desk, retraining and investing in staff, and moving to a Service Management System that follows the principles of the International Standard (ISO20000), customers are already seeing an improvement in their service management. For example, the number of calls resolved at first line has increased from 10% to 45% in just 10 months.

### London Deanery

Finally, a brief word about the London Deanery. In April 2013 the responsibilities of the Deanery passed to three Local Education and Training Boards (LETBs) covering all of London. The LETBs themselves are part of Health Education England, the national leadership organisation responsible for ensuring that NHS education, training, and workforce development drive the highest possible standards of public health and patient outcomes. The staff continue to be part of the University of London and we are delighted that they continue to be part of our extended family.

**Professor Sir Adrian Smith,**  
Vice-Chancellor, University of London

# Public benefit statement

**The University is an exempt charity under the terms of the Charities Act 2011. 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 2011.

The Colleges of the University, which are all themselves exempt charities, have included within their respective financial statements for 2012–13, Public Benefit statements in conformity with the reporting requirements of the HEFCE Accounts Direction for 2012–13, 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, delivers 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, as well as BAs 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 manages a range of trust funds and endowments. The endowment funds as shown in the balance sheet at 31 July 2013, were carried at their market value which was £72.6m, and the sums expended during the year from these funds amounted to £2.7m. 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. The funds thus provide 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 to help individuals achieve and maintain career success, to help organisations, institutions and academic staff help individuals achieve and maintain career success, as well as helping 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, as well as 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 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, comprising a wide range of seminars, workshops, lectures and conferences, is unrivalled in scale, focus and quality. During 2012–13, 2,000 events were organised attracting over 58,000 audience members drawn from the UK, the London area, and internationally. 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.

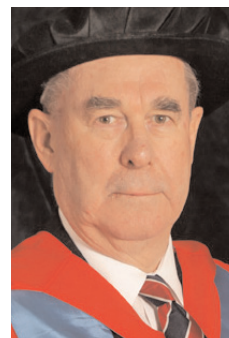


## Chancellor's engagements



HRH The Princess Royal has been Chancellor of the University of London since 1981. In this capacity, the Chancellor attends a wide range of engagements across the University.

# Chancellor's engagements *continued*



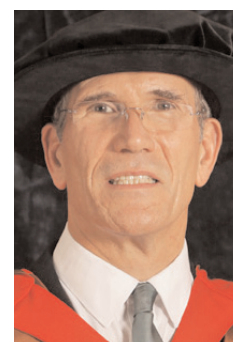
Sir Graeme Davies



Sir Richard Evans



Professor Philippe Kourilsky



Sandy Nairne

## Foundation Day 2012 – Wednesday 28 November

Foundation Day last year, held in Senate House on 28 November, is the annual celebration of the University's first charter, granted by William IV on 28 November 1836. The Chancellor presided at the evening ceremony and conferred four honorary degrees.



### Sir Graeme Davies

Sir Graeme is Emeritus Vice-Chancellor of the University of London, having been its Vice-Chancellor for seven years, and is currently Chair of the Higher Education Policy Institute. He is a Fellow of the Royal Academy of Engineering, the Royal Society of Edinburgh, and an Honorary Fellow of the Royal Society of New Zealand. Sir Graeme was knighted in 1996 for services to higher education.

### Sir Richard Evans

Sir Richard Evans was born in Woodford, London, in 1947. He read Modern History at Oxford University. In the 1990s he was Professor of History, Vice-Master and Acting Master of Birkbeck, University of London. He is currently Regius Professor of History and President of Wolfson College at Cambridge University. His many books include a three-volume history of the Third Reich. He was knighted for services to scholarship in 2012.

### Professor Philippe Kourilsky

French scientist and humanist, Philippe Kourilsky, is known for his contributions to research in molecular genetics and immunology. He is former Director General of the Pasteur Institute, Chair at the Collège de France and at the Singapore Immunology Network, and member of the French Academy of Sciences. His humanist beliefs are evident in the altruistic philosophy developed in his books.

### Sandy Nairne

Sandy Nairne is Director of the National Portrait Gallery. He previously held directorships at the Tate, Modern Art Oxford, Institute of Contemporary Arts and the Arts Council of Great Britain. He is Chair of the Fabric Advisory Committee of St Paul's Cathedral. Sandy's most recent book is *Art Theft and the Case of the Stolen Turners*, published by Reaktion, 2011.





## The Chancellor's other engagements

### 25 October 2012

The Chancellor attended the Inaugural Symposium of the Newlife Birth Defects Research Centre (BDRC) based at the UCL Institute of Child Health (ICH).

The BDRC is Europe's first research centre to battle birth defects. Its £6.5m state of the art laboratories, housing three specialist teams, are dedicated to researching the causes of birth defects, advancing their diagnosis and treatment and preventing such conditions in the future.

### 19 March 2013

The Chancellor presided at the University of London International Programmes' Graduation Ceremony.

More than 900 graduates from 80 countries received their degree at the Barbican Centre, in London. Two further awards were presented to two exceptional people: Dr TK Whitaker received a Doctorate of Science (Economics) *honoris causa*, for his lifetime commitment to the welfare and economic development of Ireland. Martin Bean received a degree of Doctor of Laws *honoris causa*, for his leadership in the fields of IT, Testing and Assessment and, in particular, Education, with his career culminating in his current position as Vice-Chancellor of the Open University.



### 29 April 2013

The Chancellor officially opened the new LSE building, 32 Lincoln's Inn Fields (32L).

The School invested £56m refurbishing the Grade 2 listed building, originally constructed in 1903 for the Land Registry.

32L has transformed the LSE campus. It offers contemporary and flexible teaching and learning space for the School, and provides a new home for the Department of Economics and its affiliated research centres.

*'The Chancellor presided at the evening ceremony and conferred four honorary degrees'*

*'More than 900 graduates from 80 countries received their degree at the Barbican Centre, London'*

# Financial review

## Financial strategy

The University's Strategic Plan covers the period 2009–14. The Plan defines 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.

The financial strategy supporting the third aim of the University's Strategy continues to be underpinned by a number of key components:

1. the need to generate a sufficient annual operating surplus to support long term sustainability;
2. the need to generate an adequate cash flow sufficient to support the working capital needs of the University, its business development and its capital and investment requirements;
3. the need to maintain sustained ongoing capital investment in the University's estate, facilities and IT infrastructure.

In order to measure progress against the Strategic Plan the University produces an annual Operating Plan. The Operating Plan, which is updated each year, reviews performance and progress against the five strategic

objectives over a shorter, one or two year, time horizon.

The Operating Plan identified two objectives for the 2012–13 financial year in support of the financial sustainability aim:

1. the need to generate an operating surplus of at least 3.2% (of total income) to support long-term sustainably;
2. to maintain and improve the financial sustainability of specific activities of the University.

The financial results for the 2012–13 year demonstrate that the University met its surplus target and continued the trend seen over the last few years of increasing surpluses and strengthening the balance sheet. This Annual Report also separately highlights a number of examples in the 2012–13 year, where the University has taken action to maintain and improve the financial sustainability of specific areas of its business.

During the next financial year the University will be developing a new Strategic Plan, for the period 2014–2019. This Plan is expected to be published during the first half of 2014 after wider consultation with the Colleges of the University. The Plan is expected to include the same key financial aims as at present (which are highlighted above) and also the need to improve both the asset utilisation and the financial return generated from the assets of the University.



Andrew Murphy,  
Director of Finance  
and Planning  
University of London

## Financial highlights

	£M 2012–13	£M 2011–12	£M 2010–11	£M 2009–10	£M 2008–09
Income	145.5	141.5	145.8	157.0	144.3
Expenditure	(140.6)	(137.0)	(141.7)	(154.2)	(146.7)
Operating surplus for the year	4.9	4.6	4.1	2.8	(2.4)
Surplus on disposal of assets	1.9	2.3	0.2	23.3	0.2
Surplus after disposal of assets	6.8	6.9	4.3	26.1	(2.1)
<b>Additional key financial figures</b>					
Operating surplus as percentage of income	3.4%	3.2%	2.8%	1.8%	-1.6%
Cash generated from operating activities	7.5	16.3	9.0	8.1	0.6
Capital expenditure	5.5	6.0	6.7	13.8	17.2
Cash (including endowment cash and near cash equivalents) balance	50.2	44.4	29.9	32.3	12.6
Net debt balance	10.1	15.8	30.5	28.3	48.2

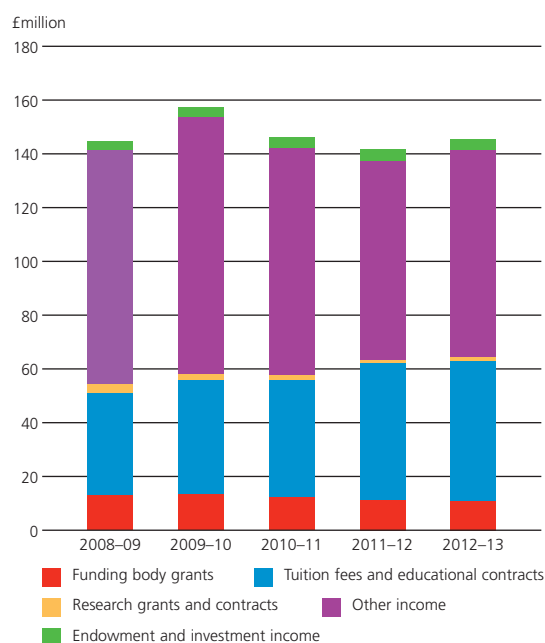
The results for the 2012–13 year show the University is continuing to improve its financial performance and solidify its financial position. There is, however, more to do, to provide the University with the greater capacity required to support investment in its academic activities, service business areas and infrastructure. This need to increase investment capacity will form a key part of the new financial strategy that will underpin the new 2014–19 Strategic Plan.

The key highlights for the 2012–13 financial year are as follows.

- Income grew by 2.8% to £145.5 million.
- Expenditure grew by 2.6% to £140.6 million.
- The operating surplus grew to £4.9 million, increasing from £4.6 million in 2011–12. This represents a surplus to turnover ratio of 3.4%.
- The retained surplus, after asset disposals was £6.8 million, compared to £7.3 million last year.
- Cash (including endowment cash and near cash equivalents) increased by £5.8 million in the year to £50.2million.
- Net debt reduced from £15.8 million to £10.1million over the course of the year.
- Capital investment in the year totalled £5.5 million.

These results cannot be read without consideration of the changing and challenging environment faced by the Higher Education sector. The University is committed to maintaining and improving its financial sustainability and will take the required actions to do so, in the coming years. The increasing operating surplus in the current year continues the recent upward trend reflecting the ongoing benefits from the corporate reorganisation programme and specific departmental restructuring initiatives undertaken in previous years, in addition to a number of new initiatives in the current year.

## Income



The main highlights are listed below.

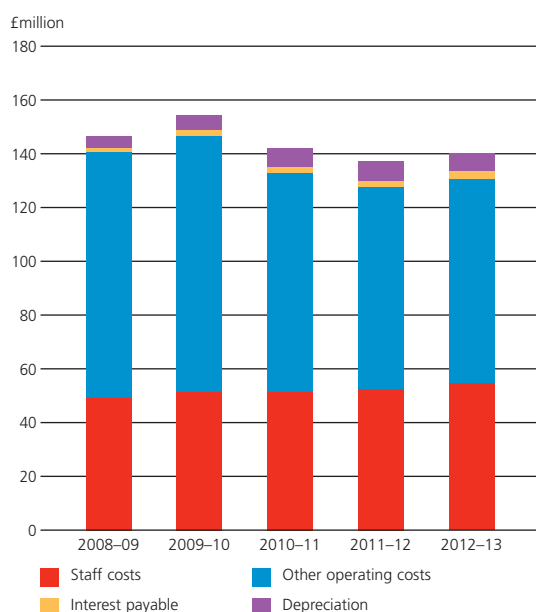
- Funding body grants, primarily from the Higher Education Funding Council (HEFCE) have decreased by £0.7 million since the prior year to £10.2 million. This mainly reflects the end of a one off specific grant received in 2011-12 on behalf of London Higher.
- Tuition fees and education contracts, which represent the University's largest source of income, have increased by 3.3% to £52.5 million. The largest element relates to the University's International Programmes and the growth in income reflects the increase in active registered student numbers on these programmes to over 54,000 students in 2012–13.
- Research grants and contracts income was broadly unchanged from the prior year at £1.1 million.
- Other income has grown by 3.9% since the prior year to £77.8 million. There are a number of components:
  - Income from College subscriptions and charges (for services provided to the Colleges from the University) was broadly flat compared to the prior year at £9.0 million.
  - The largest element relates to the University's Residences and Catering operation which includes the intercollegiate student halls of residence operated by the University. Income grew by 4.4% over the prior year to £28.5 million.



# Financial review *continued*

- Income in relation to the provision of payroll costs, accommodation and other services for the Deanery and its successor body, the Local Education Training Boards, was broadly unchanged at £19.0 million.
- Other General Income, which includes income generated from services provided to education establishments outside of the Colleges of the University, has grown by 16.1% since the prior year to £17.5 million.

## Expenditure



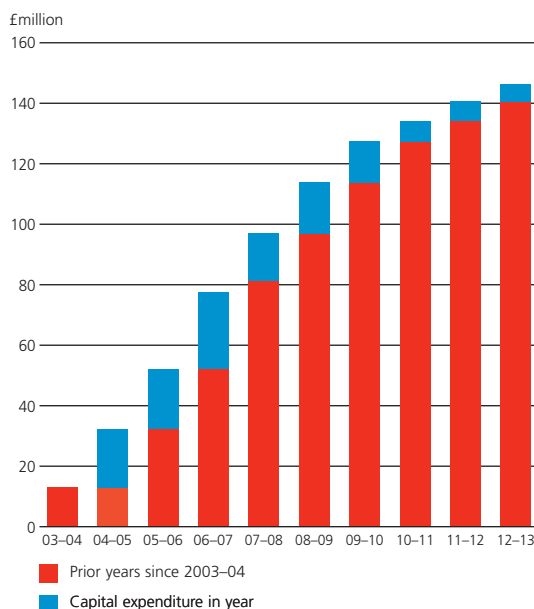
Total expenditure increased by 2.6% compared to the prior year; representing a lower rate of growth than the corresponding growth in revenue.

Unlike most universities, staff costs at the University are not the largest component of expenditure, and comprise 38.9% of total costs. Staff costs have increased over the year by 3.8% to £54.7 million. Staff numbers have grown by 103, representing a growth of 9.8%; with an increase of 15 in the University and an 88 increase in staff that form part of the University of London Temporary Agency and charged out to other employers.

Other operating expenditure has increased by 2.1% to £76.2 million. This comprises the costs, other than staff costs, in relation to the International Academy, residences and catering, maintenance and academic departments and services.

## 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 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 £14 million per annum.

An analysis of the principal components of the capital expenditure over the ten year period to 31 July 2013 is presented below.

Area of investment	£M
Senate House	50.5
Halls	50.3
Stewart House	15.1
Systems	7.1
Computer Equipment	5.7
ULU	4.5
ULIP	3.3
Heritage Assets	2.3
IALS	1.4
IHR	1.3
Warburg	1.1
Other investments	3.5
<b>Total</b>	<b>145.9</b>

### Balance sheet

At the year end net assets totalled £240.2 million, rising from £219.4 million at July 2012. Whilst tangible assets fell slightly, to £149.3 million from £152.1 million in July 2012, there were increases in the level of cash and cash equivalents and investments and endowment assets.

### Cash flow

The University's total cash position (comprising cash, current asset investments and endowment asset cash) grew by £5.8 million across the year to £50.2 million at the 31 July 2013, reflecting the positive net cash inflow from operations. This represents 137 days of expenditure. The increase in cash represents a continuation of the trend seen in recent years.

	£M 2012–13	£M 2011–12	£M 2010–11	£M 2009–10	£M 2008–09
<b>Net debt</b>					
Cash at bank and in hand	10.0	8.0	11.2	13.6	4.2
Endowment assets – short term deposits	3.0	3.2	3.7	8.7	8.3
Current asset investments	37.2	33.3	15.0	10.0	0.0
Debt due within one year	0.0	0.0	(0.1)	(0.2)	(0.2)
Debt due after one year	(60.3)	(60.3)	(60.3)	(60.4)	(60.6)
Net debt	(10.1)	(15.8)	(30.5)	(28.3)	(48.2)

At July 2013, the University had long-term borrowing of £60.3 million. This is unchanged from the previous year. Thus net debt has reduced to £10.1 million at 31 July 2013, from £15.8 million at 31 July 2012.

As in prior years, the University has continued to pursue a conservative treasury management policy with appropriate counter party limits and security criteria in place. The treasury management policy, which is agreed by the University's Investments Committee, accords priority to security and liquidity with yield considerations being subordinated to these.

### Investment performance

During 2012–13 the University's endowment funds were managed by Newton Investment Management Limited. The funds were invested in the University's Unitised 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 2012–13 reflected the underlying market conditions and was a return of 10.3% (compared to the Fund's benchmark return of 11.6%). The Fund is behind benchmark over a 3-year period (7.1% annualised compared to 8.3%) and over five years (4.0% annualised compared to 5.0%) but level with the benchmark over a

10 year period at 8.7%). In view of this recent performance the University has undertaken through the 2012–13 year, a review of its investment strategy and the asset allocation that the Fund can invest in. Agreement has been reached since the year end, and the new investment strategy and asset allocation will be implemented during the autumn of 2013.

The University's investment properties have been subject to a professional valuation as at 31 July 2013, undertaken by Knight Frank LLP, Chartered Surveyors. The valuation has resulted in their carrying value being increased by £5.1 million to £47.6 million, an increase of 11.9%.

### Risks and opportunities

The University of London is a unique institution. Its operations centre around the central academic bodies and support activities, which it performs on behalf of the federation of 18 self-governing and autonomous member Higher Education Institutions (HEIs) that 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 Board of Trustees which is responsible for managing the risks and opportunities faced by the University. The University maintains a Strategic Risk Register, which is regularly reviewed by the Board.

# Financial review *continued*

The UK university sector continues to experience a period of unprecedented change against the backdrop of the ongoing reforms of public sector finances. This has meant reduced central funding for the sector and increasing competition as universities vie for the best students and new providers enter the market.

2012–13 was the first year in which English HE were able to raise their fees to £9,000. This new fee regime had a significant impact on the number of applicants to UK Universities where, according to UCAS, applications fell by 7.7%. It is generally acknowledged that it is too early to draw firm conclusions from the experience of this first year of the new fee regime and UCAS have reported an increase in the applications for the 2013 intake. For the University of London these changes do not have an immediate impact as the University does not receive any direct undergraduate fee income. Further, the University's own dependency on public funding is less than most other UK universities; these financial statements show that funding from HEFCE accounted for 7.2% of total income.

The International Academy is the major source of income for the University. There are both threats and opportunities to this market. The numbers of students grew to over 54,000 and the University launched a number of new programmes in the year. The University was the first English university to launch MOOC (Massive Open Online Courses) courses. The market is becoming more challenging with increased competition and new learning technologies and so the University needs to keep developing its programme offering to maintain and then grow its student numbers into the future.

HEFCE completed their review of specific funding for the School of Advanced Study and the University's Marine Biological Station, Millport, in December 2012. They have agreed to continue funding for the School of Advanced Study on the basis of a five-year rolling grant at the current level, albeit with an element subject to annual review. This will enable the School and University to plan and invest for the future with confidence and greater certainty.

For the University's Marine Biological Station, Millport, HEFCE indicated that they were no longer prepared to fund the activity and so the University took the difficult decision to end its connection with the station in Scotland and close its operation there. The University worked hard to seek alternative owners and we now expect the Field Studies Council to re-open the station as a field studies centre in spring 2014. The University will have no financial responsibility after the 2013 calendar year.

The University is a significant provider of student residential services with its main focus on meeting the needs of the students of its Colleges. The University's halls of residence accommodate over 3,000 students and Housing Services provided advice to over 2,000 students living in the private

rental sector (represented by 668 individual cases). The provision of first class student services, including residential services, is of critical importance to the University and its Colleges. The University is continuing with the plan for the redevelopment of its Cartwright Garden halls, working in collaboration with the University Partnerships Programme (UPP). A key milestone was passed in August 2013 when planning permission for the development was obtained from Camden Council. With the Cartwright Gardens halls providing approximately one third of our total halls of residence capacity, this redevelopment represents a sizable project for the University and will give a significant modernisation of the residence provision. 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.

The third strategic aim for the University is to ensure the financial sustainability of all University operations. Financial sustainability is essential and the University is required to generate sufficient surpluses from its activities to meet its current and future business needs. The University will thus continue to review all of its activities to ensure that they are sustainable and fit for purpose. The University will continue to look to diversify its income base. This may mean reviewing charges for services provided and include the consideration of future investment requirements. It will mean looking for new customers for existing services and work to develop new service offerings. It will also mean looking at the ways in which we provide our services. The current focus on service development highlights the importance to the University of its activities in this area and its desire to grow this provision in a financially sustainable way.

## Looking Forward

The University conducts regular reviews of its prospective medium-term financial out-turns by way of using various planning scenarios. This enables us to act, both proactively and reactively should the need arise, to changes in our environment to ensure that our financial sustainability is unimpaired. The new Strategic Plan will set out the aims for the next five years from 2014–19. Financial sustainability will be a key part of this strategy, as will be the need to provide for investment in our academic operations, our service areas and our estate and infrastructure. The University is in a sound financial position. We will build upon the work undertaken in recent years, working to grow and diversify our income base and surplus with the aim of providing the further investment capacity that will allow the University to further enhance its position at the heart of a federation of world-class academic institutions.

## Andrew Murphy

Director of Finance and Planning  
University of London



# 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 Board of Trustees, as the charity trustees of the University, confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for 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 Higher Education Funding Council for England (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 and under the Financial Memorandum with the Higher Education Funding Council for England. The Board of Trustees, which normally meets 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 reports 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 the Collegiate Council's Chair, 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. It is also responsible for ensuring the proper discharge of the University's 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.

# Corporate governance statement *continued*

The Committee also receives reports on value for money, monitors adherence to the regulatory requirements and considers reports from HEFCE as they affect the University's business. The Committee advises the Board of Trustees on the appointment and remuneration of the external and internal auditors with whom it meets 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 openly and appropriately. Additionally, details of vacancies are circulated to Heads of Colleges and College Secretaries.

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 HEFCE, 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 or the Deputy University Secretary.

# Membership and responsibilities of the Board of Trustees

## Membership

Period 1 August 2012 to 27 November 2013 (unless otherwise stated):

Independent Members	Period of Office
Dame Jenny Abramsky (Chair)	
Mr David Beever	
Mr Abdul Bhanji	
Ms Emma Burns	
Mr Steven Fogel	
His Honour Judge Grainger	
Mr Edward Hartill	
Mr Gerard Lemos	From 28 November 2012
Mrs Suzanne McCarthy	

## Vice-Chancellor

Professor Sir Adrian Smith	From 1 September 2012
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## Representative Heads of Colleges

Professor Jonathan Freeman-Attwood, Principal of the Royal Academy of Music	
Professor Simon Gaskell, Principal of Queen Mary University of London	From 1 August 2013
Professor Peter Kopelman, Principal of St George's, University of London	Until 31 July 2013
Professor David Latchman, Master of Birkbeck, University of London	
Professor Paul Layzell, Principal of Royal Holloway, University of London	From 1 August 2013
Professor Sir Richard Trainor, Principal and President of King's College London	Until 31 July 2013

## 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 that an effective system of internal control is maintained, and is also 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 which 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, in the terms and conditions of the financial memorandum agreed between the Higher Education Funding Council for England (HEFCE) 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 preparing the consolidated financial statements 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, and 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 HEFCE are used only for the purposes for which they have been given and in accordance with the financial memorandum with HEFCE and any other conditions which HEFCE has from time to time prescribed;
- ensure that there are appropriate financial and management controls in place to safeguard public funds, and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud; and



# Membership and responsibilities of the Board of Trustees *continued*

- 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, and 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 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 2013 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 regularly (usually on six occasions a year) to consider the plans and strategic direction of the University.
- We receive periodic reports concerning internal control from the Chair of the Audit and Risk Committee, 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, including its independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- 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 by 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 the HEFCE Accountability and Audit: 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 auditors' 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 2013 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 31. 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, the financial memorandum effective August 2010. Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and have been properly prepared in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **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 2013 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2013 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: 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.

The Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
St Albans, UK  
28 November 2013



# 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 (HEFCE).

The activities of the University, together with the factors likely to affect its future performance and position are set out in the Financial Report on pages 14 to 18. Pertaining to the University's considerable assets and financial resources, its Board of Trustees believes it is well placed to manage its risks successfully notwithstanding the current economic conditions and future uncertainties associated therewith. The Board of Trustees has 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 these 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 section 22 and Schedule 3 of the Charities Act 2011, and as such, is a charitable company within the meaning of Part 11 of the Corporation Tax Act (CTA) 2010. The University has charitable status in Scotland (Reg. No. SC041194), and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC041194). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the CTA 1990, or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied only to charitable purposes.

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

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 the transactions made by the University of London Institute in Paris in euros, which 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, 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 *continued*

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. No investments, however liquid, are included as cash.

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. 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, 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 which is stated at the lower of cost and net realisable value, as well as 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.

#### **Provisions and contingent liabilities**

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event and 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; and an inability to measure the economic outflow.



# Statement of the University's principal accounting policies *continued*

## **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 Local Education and Training Boards (LETBs), which replaced the London and Kent, Surrey and Sussex (KSS) Deaneries in April 2013.

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 2013

Note		2013 £'000	2012 £'000
	<b>Income</b>		
1	Funding body grants	10,419	11,084
2	Tuition fees and educational contracts	52,504	50,847
3	Research grants and contracts	1,135	1,089
4	Other income	77,840	74,883
5	Endowment and investment income	3,610	3,618
		145,508	141,521
	<b>Expenditure</b>		
6	Staff costs	(54,705)	(52,688)
7	Other operating expenses	(76,233)	(74,666)
8	Interest payable	(2,697)	(2,718)
9	Depreciation	(6,935)	(6,882)
		(140,570)	(136,954)
	<b>Surplus on continuing operations after depreciation of assets at cost</b>	<b>4,938</b>	<b>4,567</b>
	Exceptional items:		
	Surplus on disposal of fixed assets	1,932	2,344
	<b>Surplus after depreciation, exceptional items and disposal of assets</b>	<b>6,870</b>	<b>6,911</b>
	Transfer (to)/from accumulated income within endowments	(36)	437
	<b>Surplus for the year transferred to reserves</b>	<b>6,834</b>	<b>7,348</b>

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 2013

Note	2013 £'000	2012 £'000
Surplus after depreciation, exceptional items and disposal of assets	6,870	6,911
11 Appreciation/(depreciation) of endowment asset investments	7,952	(1,266)
11 Appreciation/(depreciation) of fixed asset investments	504	(77)
Appreciation of current asset investments	96	55
11 Appreciation of investment properties	5,071	3,159
16 New endowments	517	1,116
<b>Total recognised gains and losses relating to the year</b>	<b>21,010</b>	<b>9,898</b>
Reconciliation		
Opening reserves and endowments	208,331	
Total recognised gains and losses relating to the year	21,010	
<b>Closing reserves and endowments</b>	<b>229,341</b>	



# Balance sheets as at 31 July 2013

Note	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Fixed assets</b>				
9 Tangible assets	149,258	152,073	146,844	150,184
10 Intangible assets	126	237	126	237
11 Investments	51,899	46,324	51,709	46,286
11 Endowment assets	72,650	64,145	72,650	64,145
	<b>273,933</b>	<b>262,779</b>	<b>271,329</b>	<b>260,852</b>
<b>Current assets</b>				
Stocks	1,165	1,925	1,164	1,925
12 Debtors	13,086	11,384	14,758	11,453
25 Current asset investments	37,151	33,305	37,151	33,305
Cash at bank and in hand	9,986	7,967	8,535	7,931
	<b>61,388</b>	<b>54,581</b>	<b>61,608</b>	<b>54,614</b>
13 Creditors: amounts falling due within one year	(33,440)	(37,708)	(31,056)	(35,814)
<b>Net current assets</b>	<b>27,948</b>	<b>16,873</b>	<b>30,552</b>	<b>18,800</b>
<b>Total assets less current liabilities</b>	<b>301,881</b>	<b>279,652</b>	<b>301,881</b>	<b>279,652</b>
14 Creditors: amounts falling due after more than one year	(60,250)	(60,250)	(60,250)	(60,250)
15 Provision for liabilities and charges	(1,472)	–	(1,472)	–
<b>Total net assets</b>	<b>240,159</b>	<b>219,402</b>	<b>240,159</b>	<b>219,402</b>
<b>Represented by</b>				
16 Deferred capital grants	10,818	11,071	10,818	11,071
17 Permanent endowments	63,909	56,203	63,909	56,203
17 Expendable endowments	8,741	7,942	8,741	7,942
18 Revaluation reserve	49,336	43,665	49,336	43,665
19 General reserves	107,355	100,521	107,355	100,521
<b>Total funds</b>	<b>240,159</b>	<b>219,402</b>	<b>240,159</b>	<b>219,402</b>

Approved by the Board of Trustees on 27 November 2013 and signed on its behalf by:

**Dame Jenny Abramsky**  
Chair, Board of Trustees

**Andrew Murphy**  
Director of Finance and Planning

**Professor Sir Adrian Smith**  
Vice-Chancellor

The notes on pages 33 to 48 form part of these financial statements.

# Consolidated cash flow statement for the year ended 31 July 2013

Note		2013 £'000	2012 £'000
22	Net inflow from operating activities	7,541	16,325
23	Returns on investments and servicing of finance	674	900
24	Capital expenditure and financial investment	(2,554)	(2,635)
	Cash inflow before management of liquid resources and financing	5,661	14,590
25	Management of liquid resources	(3,642)	(17,667)
26	Financing	–	(127)
	<b>Increase/(decrease) in cash</b>	<b>2,019</b>	<b>(3,204)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
25	Increase/(decrease) in cash for the period	2,019	(3,204)
25	(Decrease) in short term deposits	(108)	(583)
25	Increase in current asset investments	3,846	18,305
25	Decrease in net loan finance	–	127
	Change in net funds	5,757	14,645
	Net debt at 1 August	(15,825)	(30,470)
	<b>Net debt at 31 July</b>	<b>(10,068)</b>	<b>(15,825)</b>

# Notes to the financial statements for the year ended 31 July 2013

## 1. Funding body grants

	Note	2013 £'000	2012 £'000
Higher Education Funding Council for England – recurrent		10,203	10,867
Release of deferred capital grants:	16		
Buildings		172	173
Equipment		44	44
		<b>10,419</b>	<b>11,084</b>

## 2. Tuition fees and education contracts

	2013 £'000	2012 £'000
University of London International Academy and overseas student fees	51,551	49,984
Home full time postgraduate fees	618	533
Part time fees	335	330
	<b>52,504</b>	<b>50,847</b>

## 3. Research grants and contracts

	2013 £'000	2012 £'000
Research councils	539	352
UK-based charities	175	218
UK Government bodies	–	86
EU Government and other bodies	336	345
Other	85	88
	<b>1,135</b>	<b>1,089</b>



# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 4. Other operating income

	Note	2013 £'000	2012 £'000
Colleges: subscriptions and charges		8,953	8,915
Residences and catering		28,502	27,313
Estates revenue		3,762	3,840
Other general income		17,539	15,104
Services rendered by the Deaneries, Local Education Training Boards (LETBs)		19,003	19,142
Donations		266	432
Excision of Heritage Assets		(321)	–
Deferred capital grants	16	136	137
		<b>77,840</b>	<b>74,883</b>

### 5. Endowment and investment income

	Note	2013 £'000	2012 £'000
Transferred from permanent endowments	17	2,200	2,237
Transferred from expendable endowments	17	710	889
Other interest receivable		700	492
		<b>3,610</b>	<b>3,618</b>

## 6. Staff costs

	2013 £'000	2012 £'000
Salaries	42,860	41,348
Social security costs	3,705	3,496
Other pension costs	8,140	7,844
	<b>54,705</b>	<b>52,688</b>
The above is analysed as follows:		
University	35,542	34,432
Deaneries/LETBs	18,091	18,256
Temporary Agency	1,072	–
	<b>54,705</b>	<b>52,688</b>
Emoluments of the Vice-Chancellor		
Professor Sir Adrian Smith (from 1 September 2012)		
Salary	153	–
Professor Geoffrey Crossick (to 31 July 2012)		
Salary	–	146

	2013 Number of staff	2012 Number of staff
Average staff numbers expressed as full-time equivalents		
University	758	743
Deaneries/LETBs	312	312
Temporary Agency	88	–
	<b>1,158</b>	<b>1,055</b>

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

	University		Deaneries/ LETBs	
	2013 Number of staff	2012 Number of staff	2013 Number of staff	2012 Number of staff
£100,000 – £109,999	3	–	3	1
£110,000 – £119,999	–	1	–	2
£120,000 – £129,999	–	–	1	–
£130,000 – £139,999	–	1	2	2
£140,000 – £149,999	2	–	–	–

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 7. Expenditure by activity

	Staff costs £'000	Other operating costs £'000	Depreciation £'000	Interest payable £'000	2013 £'000	2012 £'000
Academic departments	5,815	3,452	213	–	9,480	10,184
Academic services	8,299	4,776	646	–	13,721	13,660
University of London International Academy	9,089	36,358	1,045	–	46,492	43,545
Central services	5,793	5,053	886	333	12,065	10,901
General education expenses	267	2,184	–	–	2,451	3,288
Staff and students	4,502	1,379	–	–	5,881	5,023
Maintenance	772	8,324	2,076	–	11,172	11,135
Residences and catering	1,408	13,446	2,069	2,364	19,287	19,076
Research grants	669	349	–	–	1,018	999
Services rendered by the Deaneries	18,091	912	–	–	19,003	19,143
	<b>54,705</b>	<b>76,233</b>	<b>6,935</b>	<b>2,697</b>	<b>140,570</b>	<b>136,954</b>

	2013 £'000	2012 £'000
External auditors' remuneration		
– Audit services	81	77
– Non audit services	31	4
Internal auditors' remuneration	86	63
Hire of plant and machinery – operating leases	112	122
Hire of other assets – operating leases	331	276

### 8. Interest payable

	2013 £'000	2012 £'000
On loan repayable before one year to five years	145	166
On loans not wholly repayable within five years	2,552	2,552
	<b>2,697</b>	<b>2,718</b>

## 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 2012	167,078	617	6,737	3,729	15,516	2,261	195,938
Additions during the year	590	40	–	3,663	1,216	–	5,509
Completed during the year	2,285	–	–	(2,353)	68	–	–
Disposals during the year	(2,660)	–	–	(64)	(303)	(321)	(3,348)
31 July 2013	167,293	657	6,737	4,975	16,497	1,940	198,099
Depreciation							
1 August 2012	(31,424)	(194)	(3,761)	–	(8,486)	–	(43,865)
Charge for the year	(4,521)	(10)	(182)	–	(2,222)	–	(6,935)
Disposals during the year	1,659	–	–	–	300	–	1,959
31 July 2013	(34,286)	(204)	(3,943)	–	(10,408)	–	(48,841)
<b>Net book value 31 July 2013</b>	<b>133,007</b>	<b>453</b>	<b>2,794</b>	<b>4,975</b>	<b>6,089</b>	<b>1,940</b>	<b>149,258</b>
Net book value 1 August 2012	135,654	423	2,976	3,729	7,030	2,261	152,073

University	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 2012	166,978	617	6,737	3,660	11,033	2,261	191,286
Additions during the year	590	40	–	3,663	–	–	4,293
Completed during the year	2,285	–	–	(2,285)	–	–	–
Disposals during the year	(2,660)	–	–	(64)	–	(321)	(3,045)
31 July 2013	167,193	657	6,737	4,974	11,033	1,940	192,534
Depreciation							
1 August 2012	(31,336)	(194)	(3,761)	–	(5,811)	–	(41,102)
Charge for the year	(4,516)	(10)	(182)	–	(1,537)	–	(6,245)
Disposals during the year	1,657	–	–	–	–	–	1,657
31 July 2013	(34,195)	(204)	(3,943)	–	(7,348)	–	(45,690)
<b>Net book value 31 July 2013</b>	<b>132,998</b>	<b>453</b>	<b>2,794</b>	<b>4,974</b>	<b>3,685</b>	<b>1,940</b>	<b>146,844</b>
Net book value 1 August 2012	135,642	423	2,976	3,660	5,222	2,261	150,184

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 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.

The valuation in 2010 included items on loan from the CNAA collection. These items have now been removed.

### 10. Intangible assets

	2013 £'000	2012 £'000
Consolidated and University		
Cost		
1 August	628	628
Additions during the year	–	–
31 July	628	628
Amortisation		
1 August	391	316
Charge for the year	111	75
31 July	502	391
<b>Net book value 31 July</b>	<b>126</b>	<b>237</b>

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



## 11. Consolidated and University investments

At market value	Endowment asset investments £'000	Investment properties £'000	Other investments £'000	2013 Total £'000	Endowment asset investments £'000	Investment properties £'000	Other investments £'000	2012 Total £'000
1 August	60,992	42,521	3,803	107,316	60,996	39,362	3,880	104,238
Additions	661	–	–	661	1,262	–	–	1,262
Disposals	–	–	–	–	–	–	–	–
Revaluation	7,952	5,071	504	13,527	(1,266)	3,159	(77)	1,816
	<b>69,605</b>	<b>47,592</b>	<b>4,307</b>	<b>121,504</b>	<b>60,992</b>	<b>42,521</b>	<b>3,803</b>	<b>107,316</b>
Short term deposits and cash	3,045	–	–	3,045	3,153	–	–	3,153
<b>31 July</b>	<b>72,650</b>	<b>47,592</b>	<b>4,307</b>	<b>124,549</b>	<b>64,145</b>	<b>42,521</b>	<b>3,803</b>	<b>110,469</b>
Investments held are analysed as follows:								
Unified Trust Fund holdings	69,605	–	4,307	73,912	60,992	–	3,803	64,795
Properties	–	47,592	–	47,592	–	42,521	–	42,521
	<b>69,605</b>	<b>47,592</b>	<b>4,307</b>	<b>121,504</b>	<b>60,992</b>	<b>42,521</b>	<b>3,803</b>	<b>107,316</b>
<b>At cost</b>								
Unified Trust Fund holdings	33,123	–	2,211	35,334	32,487	–	2,211	34,698
Properties	–	502	–	502	–	502	–	502
	<b>33,123</b>	<b>502</b>	<b>2,211</b>	<b>35,836</b>	<b>32,487</b>	<b>502</b>	<b>2,211</b>	<b>35,200</b>

### Investment in subsidiary companies at net asset value

The University of London owns 100% of the issued share capital (one £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 2013 Senate House Services Limited had a deficiency of net assets of £208,000 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 £51,693,000.

Law 646 Limited, which has issued share capital of £2 and is owned 100% by the University of London, has not traded in the year.

London Intercollegiate Student Housing Limited is a charity registered in England and a company limited by guarantee, registered in England, with the University of London as its sole member. The company has not traded in the year.

Prosum Shared Services Limited is a company registered in England and has an issued share capital of £1, with the University of London as its sole shareholder. The company has not traded in the year.

Setoncrest Limited, which had issued share capital of £2 and was owned 100% by the University of London, did not trade in the year. The company was dissolved in April 2013.

UMBSM Services Limited, which was incorporated in Scotland with an issued share capital of £1 wholly owned by the University of London, has also not traded in the year. The company was dissolved in August 2013.

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 11. Consolidated and University investments *continued*

#### Investment properties

The investment properties were valued at 31 July 2013 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	9,812	8,772	7,929	6,972
Other debtors	224	219	224	219
Prepayments and accrued income	3,050	2,393	2,390	2,043
Amounts owed by group undertaking	–	–	4,215	2,219
	<b>13,086</b>	<b>11,384</b>	<b>14,758</b>	<b>11,453</b>

Prepayments and accrued income includes £341,000 (2012: £391,000) in respect of tuition fees for periods after more than one year.

### 13. Creditors: amounts falling due within one year

	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade creditors	8,602	9,340	7,897	9,090
Grants received in advance	325	406	325	406
Other taxation and social security	3,161	2,768	2,628	2,424
Accruals and deferred income	21,352	25,194	20,206	23,894
	<b>33,440</b>	<b>37,708</b>	<b>31,056</b>	<b>35,814</b>

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

	2013 £'000	2012 £'000
<b>Consolidated and University</b>		
Bank loans	60,000	60,000
Other loans	250	250
	<b>60,250</b>	<b>60,250</b>

#### BORROWINGS

	Bank loans		Other loans	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Consolidated and University</b>				
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)	–	–	–	–
Total due	60,000	60,000	250	250

#### BANK LOANS

Lender	Date loan obtained	Final repayment due date	Interest rate	Balance outstanding	Balance outstanding
				2013 £'000	2012 £'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				<b>60,000</b>	<b>60,000</b>

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

#### 15. Provision for liabilities and charges

	2013 £'000	2012 £'000
<b>Consolidated and University</b>		
Closure of Marine Station, Millport	1,472	–
	<b>1,472</b>	<b>–</b>

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 16. Deferred capital grants

	Government and agencies HEFCE £'000	Other grants and benefactions £'000	Total £'000
<b>Consolidated and University</b>			
Land and buildings	6,275	4,424	10,699
Equipment	234	138	372
1 August 2012	6,509	4,562	11,071
Land and buildings	159	106	265
Equipment	–	–	–
Additions	159	106	265
Land and buildings	(112)	(54)	(166)
Equipment	–	–	–
Released on disposal	(112)	(54)	(166)
Land and buildings	(172)	(128)	(300)
Equipment	(44)	(8)	(52)
Released to income and expenditure account	(216)	(136)	(352)
Land and buildings	6,150	4,348	10,498
Equipment	190	130	320
<b>31 July 2013</b>	<b>6,340</b>	<b>4,478</b>	<b>10,818</b>

### 17. Endowments

	Restricted permanent £'000	Restricted expendable £'000	Total 2013 £'000	Total 2012 £'000
<b>Consolidated and University</b>				
Capital	49,448	6,357	55,805	56,017
Accumulated income	6,755	1,585	8,340	8,714
At 1 August	56,203	7,942	64,145	64,732
New endowments	187	330	517	1,116
Investment income	2,200	710	2,910	3,126
Expenditure	(1,946)	(928)	(2,874)	(3,563)
Increase/(decrease) in market value of investments	7,265	687	7,952	(1,266)
<b>31 July</b>	<b>7,706</b>	<b>799</b>	<b>8,505</b>	<b>(587)</b>
Represented by:				
Capital	56,206	7,475	63,681	55,805
Accumulated income	7,703	1,266	8,969	8,340
	<b>63,909</b>	<b>8,741</b>	<b>72,650</b>	<b>64,145</b>

## 17. Endowments continued

### Linked charities

	Note	Number of Trusts	Opening Fund Balance £'000	Income £'000	Capital Appreciation £'000	New Capital £'000	Expenditure £'000	Closing Fund Balance £'000
<b>Funds with income over £100,000</b>								
Scholarship Fund	a		9,123	366	1,203	–	408	10,284
Convocation	b		2,228	211	166	250	187	2,668
Chadburn Lectures	c		7,500	282	724	–	–	8,506
Teachers of Anatomy	d		128	239	–	–	186	181
Maplethorpe	e		4,379	174	577	–	176	4,954
Perrin	f		2,771	110	345	–	–	3,226
Warburg Institute	g		(876)	2,777	–	–	3,025	(1,124)
<b>Funds with income under £100,000</b>								
Research Support		94	27,818	1,087	3,134	399	1,567	30,871
General central		22	4,308	157	1,089	(76)	78	5,400
University support:								
Bursary/Scholarship		22	4,579	233	558	(66)	237	5,067
Prize funds		9	1,311	51	156	10	35	1,493
			63,269	5,687	7,952	517	5,899	71,526

#### 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 in Medicine

This trust is to support up to two Lectureships 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.

#### g Warburg Institute

The Warburg Institute is a constituent part of the School of Advanced Study specialising in cultural history, art history and history of ideas in the Renaissance. The Warburg Institute operates as an integral part of the operation of the University of London and therefore the income and expenditure of the Warburg Institute are included within the main income and expenditure account. The designated reserves of the Warburg Institute are included in the reserves within the main reserves.



# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 18. Revaluation reserves

	2013 £'000	2012 £'000
<b>Consolidated and University</b>		
1 August	43,665	40,528
Appreciation/(depreciation) of other investments (note 11)	504	(77)
Appreciation of current asset investments	96	55
Revaluation of investment properties (note 11)	5,071	3,159
<b>31 July</b>	<b>49,336</b>	<b>43,665</b>

### 19. General reserves

	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
1 August	100,521	93,173	100,521	93,084
Transfer from income and expenditure	6,834	7,348	6,834	7,437
<b>31 July</b>	<b>107,355</b>	<b>100,521</b>	<b>107,355</b>	<b>100,521</b>

### 20. Access funds

	2013 £'000	2012 £'000
1 August	–	–
Net received from HEFCE	2	2
Disbursed to students	–	(2)
<b>31 July</b>	<b>2</b>	<b>–</b>

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.

## 21. Operating lease commitments

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

	Land and buildings		Equipment	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Expiry date:				
Less than one year	174	136	73	79
Between one and five years	117	97	83	74
More than five years	222	222	–	–

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

	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation, exceptional items and disposal of assets	6,870	6,911
Items not involving cash movements:		
Depreciation	6,935	6,882
Amortisation of intangible assets	111	75
Deferred capital grants released	(352)	(354)
Decrease/(Increase) in stocks	760	(800)
(Increase)/decrease in debtors	(1,702)	279
(Decrease)/increase in creditors	(4,268)	6,576
Increase in provisions	1,472	–
Items which are not operating activities:		
Surplus on disposal of tangible assets	(1,932)	(2,344)
Heritage Asset Adjustment	321	–
Interest payable	2,697	2,718
Endowment and investment income	(3,371)	(3,618)
<b>Net cash inflow from operating activities</b>	<b>7,541</b>	<b>16,325</b>

## 23. Returns from investments and servicing of finance

	2013 £'000	2012 £'000
Income from endowments	2,671	3,126
Income from short term investments	700	492
Interest payable	(2,697)	(2,718)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>674</b>	<b>900</b>

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 24. Capital expenditure and financial investment

	Note	2013 £'000	2012 £'000
Tangible assets acquired	9	(5,509)	(5,978)
Endowment assets acquired	11	(661)	(1,261)
Receipts from sale of tangible assets		2,834	3,454
Deferred capital grants received	16	265	35
Endowments received	17	517	1,115
		<b>(2,554)</b>	<b>(2,635)</b>

### 25. Analysis of changes in net debt

	1 August 2012 £'000	Cashflows £'000	Non-cash Items £'000	31 July 2013 £'000
Cash at bank and in hand	7,967	2,019	–	9,986
Endowment assets – short term deposits	3,153	(108)	–	3,045
	11,120	1,911	–	13,031
Current asset investments	33,305	3,750	96	37,151
Debt due within one year	–	–	–	–
Debt due after one year	(60,250)	–	–	(60,250)
Net debt	(15,825)	5,661	96	(10,068)

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

### 26. Financing

	2013 £'000	2012 £'000
1 August	60,250	60,377
Capital repayments	–	(127)
<b>31 July</b>	<b>60,250</b>	<b>60,250</b>

## 27. 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:

Investment returns per annum	6.1%
Salary scale increases per annum	4.4%
Pension increases per annum	3.4%
<b>Market value of assets at date of last valuation</b>	<b>£32,433M</b>
Regular contribution rate from 1 October 2011 –	
employer	16.0%
employee – Final Salary Scheme	7.5%
employee – Career Revalued Benefits	6.5%
Regular contribution rate from 1 October 2009 –	
employer	16.0%
employee	6.35%
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.

### 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:

Investment returns per annum – Pre retirement	6.8%
Investment returns per annum – Post retirement	4.7%
Salary scale increases per annum – until 31 March 2014	3.75%
Salary scale increases per annum – after 1 April 2014	4.5%
Pension increases per annum	2.8%
<b>Market value of assets at date of last valuation</b>	<b>£1,506M</b>
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%

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 27. Pension obligations *continued*

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.

#### 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.

### 28. Capital commitments

Consolidated and University	2013 £'000	2012 £'000
Contracted at 31 July	9,399	900
Authorised but not contracted at 31 July	270	9,300
	<b>9,669</b>	<b>10,200</b>

### 29. 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 14) 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 £800 (2011–12: 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.

### 30. Post balance sheet event

The University Marine Biological Station at Millport will close on 31 December 2013 and its physical assets and liabilities will be transferred to the Field Studies Council. The University of London has provided for the closure costs within these accounts.

In August 2013, the University of London received planning consent from Camden Council to redevelop the Cartwright Garden Halls of Residence. The plans have also been approved by the Mayor of London.



### 31. University of London as parent charity only

#### A Income and Expenditure account for the year ended 31 July 2013

Note		2013 £'000	2012 £'000
	<b>Income</b>		
B	Funding body grants	10,419	11,084
C	Tuition fees and educational contracts	52,504	50,847
D	Research grants and contracts	1,135	1,089
E	Other income	73,797	71,657
F	Endowment and investment income	3,607	3,618
		141,462	138,295
	<b>Expenditure</b>		
G	Staff costs	(52,414)	(50,748)
H	Other operating expenses	(75,151)	(73,819)
I	Interest payable	(2,697)	(2,718)
	Depreciation	(6,245)	(6,347)
		(136,507)	(133,632)
	<b>Surplus on continuing operations after depreciation of assets at cost</b>	<b>4,955</b>	<b>4,663</b>
	Exceptional items:		
	Surplus on disposal of fixed assets	1,915	2,337
	<b>Surplus after depreciation, exceptional items and disposal of assets</b>	<b>6,870</b>	<b>7,000</b>
	Transfer (to)/from accumulated income within endowments	(36)	437
	<b>Surplus for the year transferred to reserves</b>	<b>6,834</b>	<b>7,437</b>

The consolidated income and expenditure relates wholly to continuing activities.

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

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 31. University of London as parent charity only *continued*

#### B Funding body grants

	Note	2013 £'000	2012 £'000
Higher Education Funding Council for England – recurrent		10,203	10,867
Release of deferred capital grants:	16		
Buildings		172	173
Equipment		44	44
		<b>10,419</b>	<b>11,084</b>

#### C Tuition fees and education contracts

	2013 £'000	2012 £'000
University of London International Academy and overseas student fees	51,551	49,984
Home full time postgraduate fees	618	533
Part time fees	335	330
	<b>52,504</b>	<b>50,847</b>

#### D Research grants and contracts

	2013 £'000	2012 £'000
Research councils	539	352
UK-based charities	175	218
UK Government bodies	–	86
EU Government and other bodies	336	345
Other	85	88
	<b>1,135</b>	<b>1,089</b>

### 31. University of London as parent charity only continued

#### E Other operating income

	Note	2013 £'000	2012 £'000
Colleges: subscriptions and charges		8,953	8,915
Residences and catering		27,998	26,709
Estates revenue		3,762	3,840
Other general income		14,000	12,482
Services rendered by the Deaneries, Local Education Training Boards (LETBs)		19,003	19,142
Donations		266	432
Excision of Heritage Assets		(321)	–
Deferred capital grants	16	136	137
		<b>73,797</b>	<b>71,657</b>

#### F Endowment and investment income

	Note	2013 £'000	2012 £'000
Transferred from permanent endowments	17	2,200	2,237
Transferred from expendable endowments	17	710	889
Other interest receivable		697	492
		<b>3,607</b>	<b>3,618</b>

# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 31. University of London as parent charity only *continued*

#### G Staff costs

	2013 £'000	2012 £'000
Salaries	41,114	39,876
Social security costs	3,552	3,369
Other pension costs	7,748	7,503
	<b>52,414</b>	<b>50,748</b>
The above is analysed as follows:		
University	33,251	32,492
Deaneries/LETBs	18,091	18,256
Temporary Agency	1,072	–
	<b>52,414</b>	<b>50,748</b>
Emoluments of the Vice-Chancellor		
Professor Sir Adrian Smith (from 1 September 2012)		
Salary	153	–
Professor Geoffrey Crossick (to 31 July 2012)		
Salary	–	146
	2013 Number of staff	2012 Number of staff
Average staff numbers expressed as full-time equivalents		
University	717	708
Deaneries/LETBs	312	312
Temporary Agency	88	–
	<b>1,117</b>	<b>1,020</b>

### 31. University of London as parent charity only continued

#### G Staff costs continued

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

	University		Deaneries/ LETBs	
	2013 Number of staff	2012 Number of staff	2013 Number of staff	2012 Number of staff
£100,000 – £109,999	3	–	3	1
£110,000 – £119,999	–	1	–	2
£120,000 – £129,999	–	–	1	–
£130,000 – £139,999	–	1	2	2
£140,000 – £149,999	2	–	–	–



# Notes to the financial statements

## for the year ended 31 July 2013 *continued*

### 31. University of London as parent charity only *continued*

#### H Expenditure by activity

	Staff costs £'000	Other operating costs £'000	Depreciation £'000	Interest payable £'000	2013 £'000	2012 £'000
Academic departments	5,815	3,452	213	–	9,480	10,184
Academic services	6,023	3,843	8	–	9,874	10,703
University of London International Academy	9,089	36,358	1,045	–	46,492	43,545
Central services	5,776	4,951	834	333	11,894	8,847
General education expenses	267	2,184	–	–	2,451	3,288
Staff and students	4,504	1,128	–	–	5,632	5,305
Maintenance	772	8,658	2,076	–	11,506	11,135
Residences and catering	1,408	13,316	2,069	2,364	19,157	20,483
Research grants	669	349	–	–	1,018	999
Services rendered by the Deaneries	18,091	912	–	–	19,003	19,143
	<b>52,414</b>	<b>75,151</b>	<b>6,245</b>	<b>2,697</b>	<b>136,507</b>	<b>133,632</b>

	2013 £'000	2012 £'000
External auditors' remuneration		
– Audit services	81	77
– Non audit services	31	4
Internal auditors' remuneration	86	63
Hire of plant and machinery – operating leases	112	122
Hire of other assets – operating leases	331	276

#### I Interest payable

	2013 £'000	2012 £'000
On loan repayable before one year to five years	145	166
On loans not wholly repayable within five years	2,552	2,552
	<b>2,697</b>	<b>2,718</b>

# 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  
University College London

## **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 Historical Research  
Institute of Latin American Studies  
Institute of Modern Language Research  
Institute of Musical Research  
Institute of Philosophy  
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

As of 31 October 2013.

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



**Annual Report and  
Financial Statements 2012–13**

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