



UNIVERSITY
OF LONDON

Financial Statements 2018–19

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Preface

The University of London is a federation of 17 independent member institutions of outstanding reputation, and a number of highly acclaimed central academic bodies and activities.

Since our foundation in 1836, we have built a distinctive approach to learning, teaching and research, have provided high-quality and innovative services and have maintained an extensive portfolio of property located primarily in Bloomsbury, the heart of London's Education Quarter.

We collaborate to deliver world-leading services including the Senate House Library, the Careers Group and CoSector; and, through our University of London distance learning programmes, we reach out to thousands of students across 190 countries globally.

Vice-Chancellor's Foreword



I am delighted to have taken up my post as Vice-Chancellor in July 2019 and would like to start by thanking Professor Peter Kopelman, who served as interim Vice-Chancellor from September 2018 to June 2019.

In my first year I intend to develop and promote the University's academic agenda and strengthen the University's global and national impact. We will build on our historic mission of educational innovation and commitment to widening access to the best that London higher education has to offer. These will be key themes in our Strategy for 2020-25.

Exciting programmes available to students across the globe through flexible and distance learning have been launched, many more are in the pipeline to be added to the portfolio of 100 plus awards on offer. Aside from our remit around transnational education, key areas include our national role in humanities research, teaching, facilitation and promotion, as well as our libraries. Following the national commitment to invest 2.6% of UK GDP in research, we anticipate a significant demand for post-graduate education and research training.

Student experience and value for students will be at the heart of everything we do. We are committed to providing an excellent and distinctive student experience to our world-class students through additional opportunities around employability, mentoring, well-being and improving the student journey, a particularly vital aspect for our more than 48,000 students in over 190 countries.

A priority for us is also the provision of an inclusive studying environment in which everyone can effectively contribute to the best of their abilities. To this end, we will expand our activities to further inclusion, accessibility and sustainability at the University. Outstanding examples of this include our commitment to the Social Mobility Pledge; our first participation in London Pride, organised alongside member institutions from across the federation; our academic contribution to the Department for International Development funded 'Strong in Diversity, bold on inclusion' project to counter discrimination against LGBT+ people in Africa; our award-winning Leading Women campaign; the launch of our Race Equality Group; my role on UUK's advisory group to tackle racial harassment and hate crimes; and crowd-sourced ideas for the Zero-Carbon Strategy for our estate.

Financial sustainability is a key component of the University Strategy. We are refreshing our financial strategy in order to secure headroom to manage adverse events and continue to invest in our programmes, people and facilities. We will continue to review all activities to ensure they are sustainable, affordable and fit for purpose.

These are but a sampling of the activities reflected throughout these Financial Statements.

Professor Wendy Thomson CBE
Vice-Chancellor

Highlights of the Year



Foundation Day 2018



Being Human Festival 2018



Leading Women alumni reception in Malaysia



Layers of London



The Careers Group's GradVenture 2019



University of London Institute in Paris graduation 2019



University of London Intercollegiate Halls summer party



Newly refurbished IALS Library



London Pride parade 2019



University of London graduation at Barbican Centre 2018



Solar panels on Senate House roof



Rights for Women Exhibition



Leading Women year end event at St James Palace

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The University in numbers 2018–19

over

48,000



students
(UoLW, SAS and ULIP)



390,000

square metres of building owned

7,000

delegates to SAS
research trainings



17

member
institutions



2million

books in SHL collection



1.6

million



MOOC learners

16

London HEIs
marched in the
London Pride parade



150



scholarships
for women
to study for
Global MBA



20

Worldwide
Leading Women
Conversations



**UNIVERSITY
OF LONDON**

Overview and Financial Highlights

The University welcomed Professor Wendy Thomson CBE as the new Vice-Chancellor from 1 July 2019. Professor Thomson has a distinguished career in public service in Canada and the UK ranging from senior roles in local government, leading public service reform in the UK Cabinet Office as well as academic roles at McGill University in Montreal. She took over from Professor Peter Kopelman, previously Principal of St George's, University of London and a Trustee of the University from 2011-2014. Professor Kopelman served as interim Vice-Chancellor following the departure of Professor Sir Adrian Smith in August 2018 to become the Director of The Alan Turing Institute.

The results for the 2018-19 financial year reflect the increased investment undertaken by the University as part of the 2014-19 University Strategy. The key highlights for the year are:

- Total income was £175.2 million
- Net cash inflow from operating activities was £2.3 million
- Capital investment in the year totalled £16.9 million

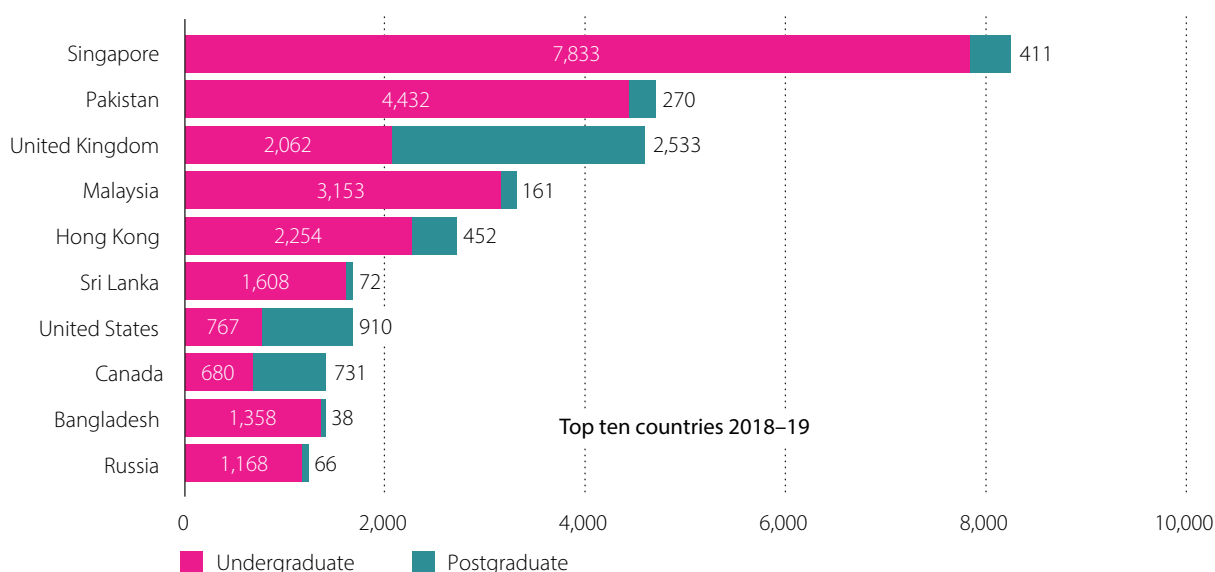
Our Activities

These financial statements relate to the full range of the University's activities. The academic portfolio covers the University of London distance learning programmes; the School of Advanced Study (SAS) and its constituent Institutes; Senate House Library (SHL); the University of London Institute in Paris (ULIP) and the Careers Group. Beyond that, the University also provides a suite of innovative, high-quality academic support and professional services, and manages a valuable property portfolio providing teaching and learning space, student halls of residence and conference facilities.

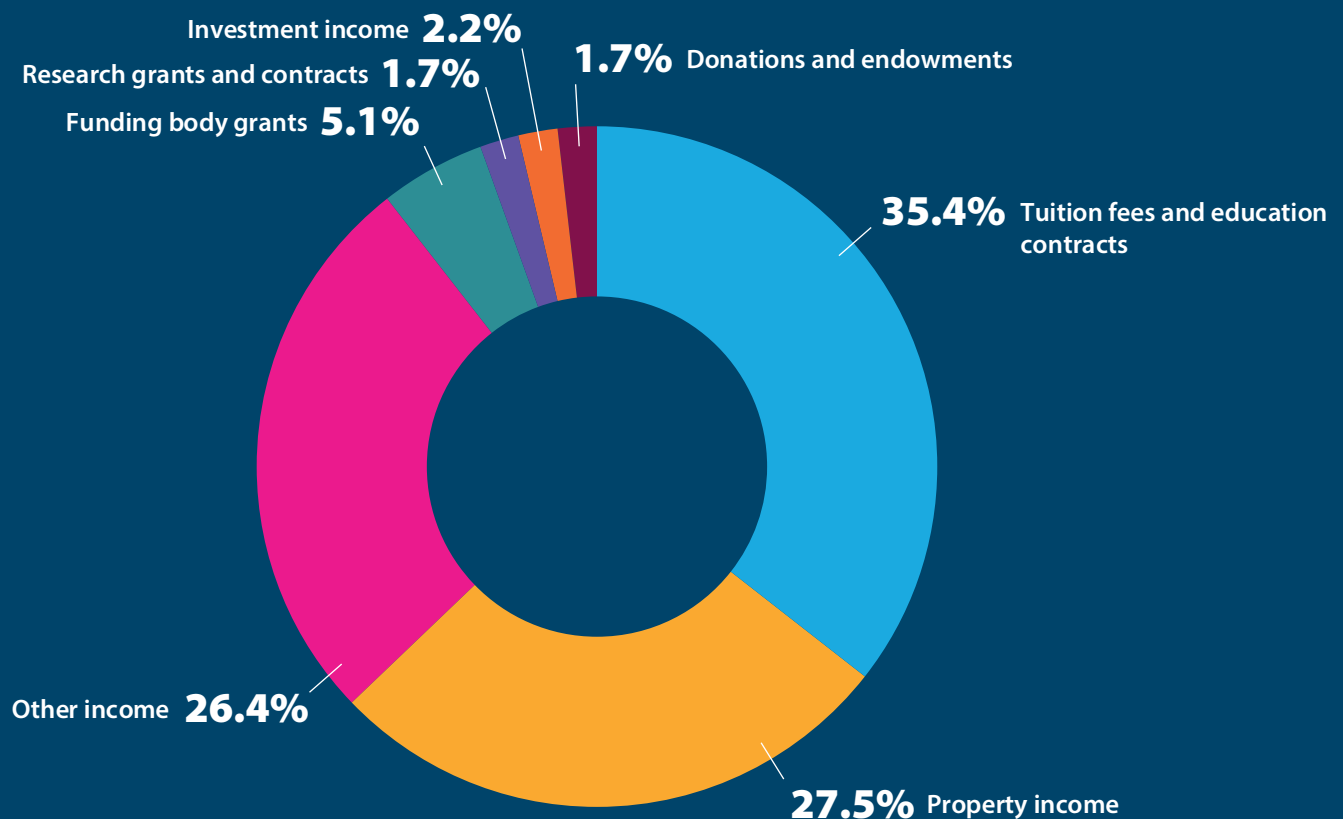
Academic Excellence

The University of London's distance and flexible learning operation reaches and connects with around 48,000 students in over 190 countries through its study programmes. A further 1.6 million learners have registered on one of the University's Massive Open Online Courses (MOOCs) offered through Coursera.

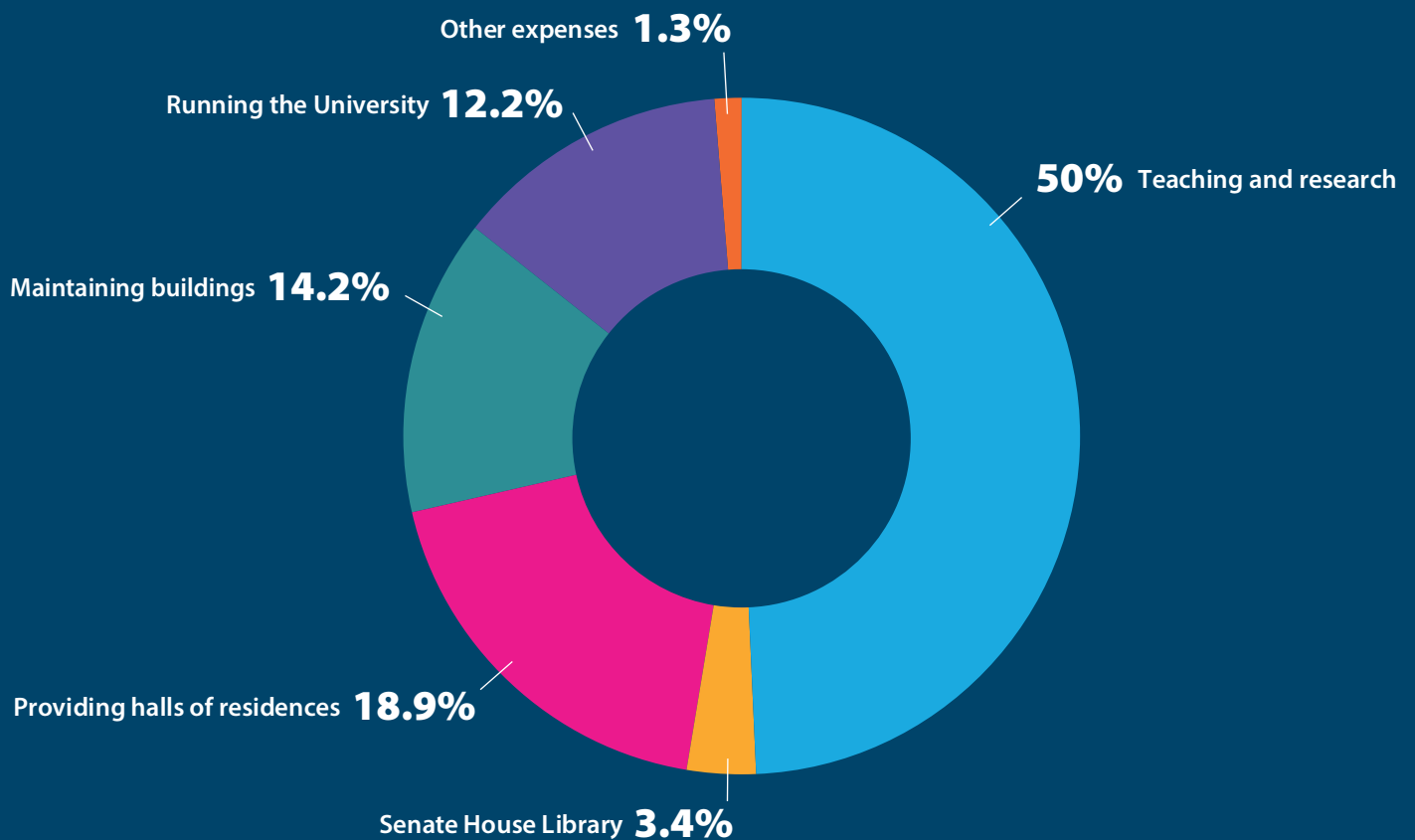
University of London distance and flexible learning students by domicile



How the University earns its income



How the University spends its income*



* excludes arrangements with Health Education England and USS deficit provision

Engagement with the Nigerian Universities Commission (NUC) has transformed the regulatory climate for University of London provision in Nigeria and opened the way for further discussions through the Centre for Distance Education, as well as undergraduate and postgraduate provision. In November 2018, the University of London and the NUC held a joint Symposium, followed by an additional capacity-building held in July 2019.

Further engagement with the Ministry of Education in China includes ongoing discussions regarding the University of London's project with Beijing Foreign Studies University, under which undergraduate and postgraduate UoL programmes are due for delivery from 2020.

New programmes launched in 2019 included the BSc in Computer Science with academic direction by Goldsmiths. This represented a milestone, as it was the first BSc degree offered through the Coursera platform. Preparing students for technology jobs of the future, the BSc Computer Science offers students seven industry specialisms including Data Science, Machine Learning and Artificial Intelligence, and Games Development. While the expected initial enrolment was 150 students, the programme launched with a total of 600-plus students. Accredited by both the Chartered Institute of Logistics and Transport (CILT) and the Chartered Institute of Procurement and Supply (CIPS), the MSc in Supply Chain Management, developed by Cass Business School, City, University of London, also launched in April 2019.

Other new programmes in development during the year include the BSc Psychology (delivered with King's College London) and MSc Data Science (delivered with Goldsmiths, University of London); MBA specialist pathway in Health (delivered with UCL's Medical School); MSc Humanitarian Action, MSc International Development, MSc Global Public Policy, MSc Global Security and Strategy (all delivered with SOAS, University of London); and the Professional Graduate Certificate in Education: Teacher Development (delivered with the UCL Institute of Education).

Held in March 2019, the University of London's showcase event, the London Graduation Ceremony, attracted over 1,000 graduates plus an additional 2,500 guests from over 70 countries – a record number. The webcast featured full coverage of both ceremonies plus interviews with graduates and University of London academics.

University of London Institute in Paris's bilingual academic community is an ideal base from which to develop and extend close links with European and international students, academics and partners, in a world where the UK's relationship with Europe is changing. In 2018-19, the Institute focused on developing international and federal partnerships to fully tap into the business development potential that such a base in Europe offers. Two international partnership agreements were signed: with Jefferson University (USA) to welcome 'study abroad' students, host an MA in Couture in Paris and develop a joint MA in Urbanism; and HESAM Université in Paris to embark on joint research projects, conferences and student exchange. A very successful summer school with the University of North Carolina at Chapel Hill sparked interest from other institutions, which is being explored in the next months.

In addition to the existing collaboration with Queen Mary University of London, new federal partnerships were developed. A letter of intent was signed with King's College London focussing on programmes, research and mobility to Paris, while a further partnership with Goldsmiths, University of London is in preparation. As a next stage of the diversification of our taught programmes in Paris, the BA International Politics was transferred from a Queen Mary University of London award to a University of London award.

Worldwide

15,000

offers made

13,000

new students registered

145,000

examinations set and assessed

9,100

awards conferred

Annual figures

Strategic Report

Through the activity of its nine institutes, the **School of Advanced Study** (SAS) champions the cause of academic research in the humanities; supports individuals, organisations, and networks conducting that research; leads debates that stimulate new agendas and innovative thinking; and develops new resources and training. The School's portfolio is varied and includes research and research collaborations, teaching and supervising postgraduate students, publications and events that promote dialogue on a national and international scale.

This year the School's Institute of Commonwealth Studies celebrated the 70th anniversary of its founding in 1949. The Institute is a national and international centre of excellence for policy-relevant research, research facilitation and teaching on historical and contemporary Commonwealth subjects. Its Library is an international resource holding more than 190,000 volumes, with particularly impressive Caribbean, Southern African and Australian holdings and over 200 archival collections. The University of London's Convocation Trust gave a grant to the Institute's latest research project 'Nationality, Identity and Belonging: An Oral History of the Windrush Generation and Their Relationship to the British State, 1948–2018'. The funding will support: a researcher responsible for forging collaborations with archives, museums, academic and non-academic experts and Caribbean heritage community groups; coordinating a 'day of evidence'; and producing a comprehensive report. The 'day of evidence' will collect stories from UK residents of Caribbean descent whose parents came to the UK in response to Britain's invitation to help rebuild the country in the decades after the Second World War.

The School was named one of 16 partners on the €3.9 million European Digital Research and Training CLEOPATRA project that aims to make sense of the massive digital coverage generated by the intense disruption in Europe over the past decade – including terrorist incidents and the movement of refugees and economic migrants. Researchers at SAS will explore the digital legacies of the London and Rio de Janeiro Olympics and Paralympics, as well as national and transnational media coverage of a decade of European parliamentary elections as part of the project funded by the Marie Skłodowska-Curie Innovative Training Network, which will fund two PhD students at the School.

The Warburg Institute launched the Warburg Family Circle and the Warburg Renaissance Project at a special event in March 2019 that welcomed members of the extended Warburg family from six different countries to London. The fundraising campaign to support this large-scale project aiming to create new spaces and programmes to "connect Warburg's intuitive cognition to our present and future" was kick started by a £1 million lead pledge from the Hermann Reemtsma Stiftung.

Senate House Library (SHL) holds one of the world's largest humanities collections with 50 special and 1,800 archival collections. It provides expert advice and access to thousands of printed books, journals, newspapers, databases and e-resources, and showcases a series of exhibitions to highlight its extraordinary treasures.

During the past year, the Library's exhibitions programme attracted nearly 5,000 external visitors (non-Library members). The "Rights for Women" exhibition (16 July to 15 December 2018), which was part of the *Leading Women* year of celebrations, attracted 1,877, whilst "Staging Magic: the Story behind the Illusion" (21 January to 15 June 2019) attracted 3,006. During 2018-19, the Library established its first visiting research fellowship in partnership with the Friends of SHL. The successful candidate, Dr Sugata Nandi from the West Bengal State University, is developing a project on the influence of Indian magic on the western tradition.

Being Human 2018

251

events

52

UK towns and cities

4

international locations

18,093

minimum estimated audience

Annual figures

Senate House Library

50 special and
1,800
archival collections

Nearly
5,000
external visitors to exhibitions

20,000
new electronic titles and resources

69%
increase in usage of e-resources

Annual figures

SHL has made vast progress towards a digital first model in response to user demand, adding 20,000 new electronic periodical titles and resources which are unique in the federal University of London. In addition, we have secured free access to resources to which we have contributed through our digitisation programme and directed over £100,000 to individually selected e-books, combining the digital approach with the rich professional skills and knowledge of our staff. In aggregate, we have seen usage of our e-resources, and so our value to the University's academic community, increase by 69% in one year.

SHL has raised over £600,000 of commercial income from external paid membership fees, royalty on licensed rare book and archival material, imaging fees, film location hire and permission fees. The re-framing of extensive and costly special collections and archives as a business asset not only puts our content onto the research world stage, but also attracts new donors of rare books and archives and contributes vital financial security in a challenging funding landscape.

Following consultation, the Library's content licensing model has now been adopted by UCL, and we continue to provide partnership arrangements and advice on revenue-raising from special collections to other federal member institutions, chiefly Royal Holloway, University of London and King's College London.

Student Experience

The University is committed to providing an excellent and distinctive student experience to our world-class students, irrespective of where they live and study. The Student Experience team in the University's distance learning programmes operation focusses on student employability, mentoring, well-being and improving the administrative journey for students. Examples during 2018-19 include a pilot mentoring scheme in Sri Lanka for students on Law and

Economics, Management, Finance and Social Sciences undergraduate programmes; and business placements in Pakistan, India, Sri Lanka, Bangladesh and ASEAN region with employers such as Grant Thornton, Vietnam Airlines and Nestlé. 20 students received the opportunity to work alongside industry professionals at the Bombay Stock Exchange during a two-day boot camp. The success and innovation of the University's activities was recognised with the University being awarded 'Customer Service Excellence' for the third year and also 'Compliance Plus for Inclusive Practice Agenda and Student Journey' by the UK's Customer Service Excellence Certification Body.

The Careers Group is the largest provider of careers-related services in Europe, delivering a range of high-quality services at a value that individual institutions would find difficult to replicate individually. These services are primarily based within the member institutions and are managed in close partnership with them. The central team supports the work of member services by coordinating recruitment and resourcing, providing training and professional development, supporting research and evidence-based practice, overseeing the creation and curation of shared resources and undertaking special projects on behalf of member services and the Group as a whole.

The Careers Group's Research Unit supports the work of colleagues across the Group as well as contributing to sector-wide debates on employability themes through conducting primary research. The team produced a range of research outputs this year as well as completing work on a three-year Office for Students (OfS) funded project investigating careers registration as a measure of career readiness learning gain.

The 2019 GradVenture competition for entrepreneurial students and recent graduates of the University of London and its member institutions attracted 100 applications for a share of a £10,000 cash prize. Lead-up events were designed to encourage new talent and support enterprise skills development within member institutions: VentureHack (hosted by Queen Mary University of London) provided a three-day training and development experience for University of London member institutions. Further training and mentoring opportunities were held ahead of the semi-final (hosted by UCL). The final in Senate House saw 12 entrepreneurs pitching their start-ups to a full house. Proof of Impact founded by City, University of London student Riz Nasrullah was awarded the first prize for his idea of using blockchain technology to create more transparency in the NGO sector. London's first umbrella rental service, Lonbrella, took home the "Crowd Pleaser" award.

Safe and Secure Studying Environment

The University of London is committed to a safe and secure studying environment in which everyone can effectively contribute to the best of their abilities regardless of their personal characteristics. In order to meet this commitment, in the autumn of 2018 the University developed and adopted guidance in order to prevent harassment and to provide the appropriate support in the event that it is needed.

All central academic bodies of the University of London have adopted our Guidance for Students on Preventing and Responding to Harassment¹. The aims of adopting this Guidance are to:

- Confirm the University's commitment to a safe and secure studying environment
- Set out the measures the University has adopted to prevent harassment
- Clarify the support available and the process for raising a complaint

The guidance is intended for all students of the central University of London. It also provides advice for students living in University of London Halls of Residences or using the University of London Housing Services.

Academic Support Services

CoSector provides digital services, recruitment services, housing services, careers fairs and events. The purpose is to enhance and enrich the student experience, through its own products and services and supporting customers and partners in the education sector.

The digital services team supports 300 UK customers and one million higher and further education users and our offering ranges from Virtual Learning Environment (VLE) development and support, managed or co-location hosting, to highly skilled specialists in digital preservation and research technology. The digital services team has further developed strategic partnerships during the year with Janison (digital assessments).

As part of its recruitment arm CoSector provides graduate internships, temporary and permanent jobs for students and graduates. In 2018-19 to over 600 job seekers have been placed in temporary, intern or graduate placements.

Another dedicated team provides landlords, letting agents, institutions, students and staff with housing services, training and advice. CoSector has the largest student accommodation office in London catering for up to 100,000 students.

CoSector also runs four national large-scale graduate fairs and postgraduate study fairs each year. The events are open to the public and over 3,500 visitors and nearly 265 exhibitors took part in 2018-19.

The Careers Group

260+

careers staff

150,000

students supported

64

training courses

17,000

jobs posted on JobOnline

Annual figures

¹ <https://london.ac.uk/5436.html/policies/guidance-students-preventing-and-responding-harassment>

Celebrating Diversity

The University of London joined over 1 million people in central London to celebrate the annual Pride Parade 2019 which marked the 50th anniversary since the birth of the modern LGBT+ rights movement that started with the Stonewall uprising in New York City in 1969. Organised alongside member institutions from across the federation, the contingent included staff and students from: the Institute of Cancer Research; Queen Mary University of London; Royal Holloway, University of London; SOAS, University of London; London School of Hygiene & Tropical Medicine; and City, University of London. For the first time, a total of 16 London-based higher education institutions walked in the same section of the parade to show common commitment to LGBT+ equality. Tens of thousands of people lined the parade route, showing their support for the University by wanting their photo taken in the custom selfie boards and giving words and cheers of encouragement.

The School of Advanced Study joined seven other international partners in a new and ambitious programme of action and research to counter discrimination against LGBT+ people in five major African cities. Funded by the Department for International Development, the £12 million 'Strong in diversity, bold on inclusion' project is a consortium that also includes the universities of Glasgow and Pretoria, African LGBT+ networks, international NGOs, and a range of organisations working with multinational corporations.

Alumni

95%

increase in number of donors

Contacted over

28,000

former members of Convocation

Directly engaged with

2,000+

individuals

Almost

50

alumni events held globally

Annual figures

In October 2018 the University launched its first Race Equality Group for staff. The Group was established in recognition of the under-representation of BME staff at the most senior grades and of lower levels of staff satisfaction identified in the last staff survey. Its aims are to listen to staff in order to identify and address barriers to the recruitment, development and retention of BME staff and promote equality and diversity.

The Group has taken an inclusive approach to membership and welcomes all staff regardless of their declared ethnicity to participate in meetings. This is to acknowledge that it is not ethical to leave the task of addressing racism to people who define themselves as BME. However, whilst attendance and participation is inclusive, the agenda remains exclusively focussed on race equality.

Between October 2018 and July 2019 the Race Equality Group met on three occasions with a focus on recruitment procedures and on approaches to personal development. A diverse range of staff attended with between 30 – 60 colleagues contributing to the discussions at each of the meetings.

Leading Women

2018-19 saw the second half of the University's *Leading Women* campaign. Highlights included the '1858 Charter Lecture' on the theme of 'Women's higher education and equality in the workplace'. The lecture also launched an event series entitled the 'Worldwide Conversation' which comprised of 20 'conversations' around the world through the University of London's Recognised Teaching Centres. Other notable events were: the University's annual Foundation Day celebration, in which five extraordinary women were awarded honorary degrees or fellowships; and the Leading Women grand finale at St James's Palace, London. Hosted by Her Royal Highness The Princess Royal, Leading Women from across the world were invited to gather to continue conversations about issues of equality.

150 scholarships for women to study for our Global MBA programme, a 67ft *Leading Women* timeline in Senate House and an art installation in Torrington Square, along with the naming of Eleanor Rosa House, are lasting legacies to the University's first women students. Read more about our commitments to initiatives that will ensure that our *Leading Women* legacy will continue <https://london.ac.uk/about-us/leading-women-1868-2018>.

Alumni Engagement and Supporting Access to Education

The Development Office increased its activities in philanthropy and engagement to support a number of initiatives across the University with the number of active donors doubling on the previous year. Fundraising activities support the University's access to education mission, funding student scholarships and bursaries, as well as initiatives such as the Vice-Chancellor's Circle, which provides unrestricted donations to support areas of greatest need.

The team collaborated with member institutions on a number of alumni events and activities, including a special afternoon tea event during Open House in September 2018, which saw participation from: St George's, University of London; City, University of London; London School of Hygiene & Tropical Medicine; and the Royal Veterinary College.

A thought leadership event, hosted at the residence of the British High Commissioner in Singapore, was attended by alumni from several member institutions and the University's *Leading Women* campaign offered numerous opportunities to collaborate with alumni offices from across the federation.

The number of donors increased in 2018-19 by 95% over 2017-18. Key areas of support were: a £500,000 donation towards the transformation of the Institute of Advanced Legal Studies' iconic Charles Clore House on Russell Square (see below); a bequest from Mr John Lucas, an alumnus of Northampton Polytechnic – now City, University of London, who generously donated 25% of his estate to the central University as well as leaving 25% to City; and the lead commitment pledged to the Warburg Renaissance Project (see above) from the Hermann Reemstma Stiftung (£1 million).

Two further outreach campaigns strengthened the University's ties to its large number of alumni. As part of the Convocation project which runs in collaboration with the member institutions, the team sent letters to 28,420 former members of Convocation, the association of graduates established by Charter in 1858. In March 2019, the team embarked on a phone campaign, in which University of London students and alumni called alumni and friends to give an update on the University's current activities, future plans and to ask for support for the University's key strategic priorities.

Relevant and Valued Property

The University estate comprises over 140 properties, with a total floor area of approximately 390,000m² in London, Surrey and Paris. The University's estate, with the iconic Senate House at its heart, is not just an asset for the University but also for London and the wider community. Central to the estates strategy is safeguarding its heritage, encouraging public access to the buildings and gardens and enhancing academic activity, with the overall aim to provide the physical environment required by a world-class university in a changing environment.

The renovation of the Institute of Advanced Legal Studies' (IALS) iconic Charles Clore House on Russell Square – a Grade II* listed building designed by Sir Denys Lasdun – will provide the facilities and environment to match the first-class services and expertise offered by the Institute, enabling it to meet the expectations of a global legal research community in the twenty-first century. Through the Transformation Project, the IALS Library has gained additional reader workstations and private study carrels, open plan areas to encourage collaborative working, flexible academic space to support the Institute's research centres and a dedicated study suite for PhD students. The refurbishment will also see improvements to the building's accessibility and thermal stability, a reduction of its carbon footprint and an upgrade of its heating and ventilation systems.

The University's Intercollegiate Halls provide accommodation to 3,200 students across the member institutions and the University is exploring options to grow the number of beds available. The completion of the refurbishment of Handel Mansions added 72 new bed spaces and the University's newest hall, Eleanor Rosa House in Stratford, opened in September 2019, adding a further 511 study bedrooms and associated communal space to the Intercollegiate Halls portfolio.

The annual residents' survey saw 84% give the rating of overall satisfaction with their experience and 79% 'satisfaction with value for money', the highest ratings since the current survey methodology was adopted in 2014. The most important factors influencing our residents' satisfaction are the community life and atmosphere, welfare and pastoral support, and social spaces. All these factors fall within our wellbeing and residence life initiatives. As well as programmes run within the Intercollegiate Halls, 2018-19 saw Professor Peter Kopelman chair several wellbeing workshops at Senate House, bringing together the local public health services and member institutions such as Birkbeck, SOAS and the Royal Veterinary College to discuss ways of working more closely together in supporting students.

Sustainability

The University's sustainability team ran a one-day conference 'Zero Carbon Challenge' at Senate House to crowd source ideas for the University's zero-carbon strategy. Over 100 professionals from sustainability and capital projects teams from across the UK as well as nearly 100 leading thinkers in zero-carbon design, architecture and construction attended the event, at which London's Deputy Mayor for Environment and Energy, Shirley Rodriguez gave the keynote address.

Dr Ainhoa Montoya, a lecturer at the Institute of Latin American Studies, received funding from the British Academy to pursue research designed to help tackle the United Nations' Sustainable Development Goals. Over the next two years, she will assess the ability of legal systems, including courts, to resolve disputes over mining and water resources in Central America.

We have cut carbon emissions from University buildings by 47%, exceeding our 2020 commitment of 43% against a 2010 baseline and were able to maintain the 47% reduction this year in spite of increased activity and staff numbers in Senate House.

'Reduce the Juice', our sustainability engagement programme for students living in residential halls, empowers and encourages students to adopt sustainable behaviours through targeted messaging, effective branding and relatable data communication. It focuses on three key areas: energy, water and recycling. The programme continues to grow and increase its impact. In 2018-19, the campaign engaged with 4,304 students, at the London School of Economics and Political Science (LSE), UCL, Goodenough College and in our own intercollegiate halls of residence. During the year, the University of Surrey also joined the programme, which is open to external universities across the country.

The University also commenced work on a £2 million Energy Performance Contract. The works, which are expected to reduce our carbon emissions by 800 tonnes each year and save an estimated £172,000 annually, are being carried out across Senate House, Stewart House, College Hall and International Hall. They include: upgrading all lights to LED; upgrades to our building management systems; increased insulation; and the installation of solar panels on the roofs of Senate House and International Hall.

Awards

The University won a number of high-profile awards in 2018-19. *Leading Women* won the Guardian University Award in the category 'Marketing and Communications Campaigns'. The campaign's innovative storytelling approaches were recognised with the ContentEd award for 'Best use of Content', as well as securing the runner-up prize in the 'Excellence in Content Strategy' category. In addition, the campaign was also shortlisted for the prestigious Heist Award for 'Best use of Content'.

The 'Worldwide Conversation' (see above), run by the University's distance and flexible learning operation, won the Gold Award from the world-renowned International Public Relations Association (IPRA) in its 'International Campaign' category. Further external recognition was also secured by winning the Edurank Social Media Award 2019, in the category 'Best Campaign Promoting International Study'.

Strategic Report

Finally, the distance and flexible learning operation was also shortlisted for the 2018 Times Higher Education Awards for the African Prisons Project, through which prisoners are able to study for the undergraduate Law programme and for the National Undergraduate Employability Award in the 'Most Improved Commitment to Employability' category.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its trading subsidiaries, which undertake activities that for legal and commercial reasons are more appropriately channelled through a limited company.

While the University has continued to see income levels grow, the requirement to recognise the University's share of increased future deficit contributions to the Universities Superannuation Scheme (USS) (£18.2 million) in the year ended 31 July 2019 has seen the University's performance drop into a deficit for the year. The March 2018 valuation of the USS pension scheme concluded in September 2019 and shows an improvement in the scheme deficit. We therefore expect the 2019-20 Financial Statements to recognise a significant credit as the provision is reduced.

The University is entering into a new strategy planning period over the year 2019-20 with the Strategy for 2020-25 being presented to the Board of Trustees for approval in May 2020. The University is committed to improving its financial sustainability and will take the required actions to do so as part of the development of the financial framework to underpin the 2020-25 Strategy. There continues to be work to do to provide the University with both increased and further diversified income as well as a focus on ensuring that activities are delivered in as efficient manner as possible.

Operating Results

	Year ended 31 July 2019 Consolidated £'000	Year ended 31 July 2018 Consolidated £'000	Year ended 31 July 2017 Consolidated £'000	Year ended 31 July 2016 Consolidated £'000	Year ended 31 July 2015 Consolidated £'000
Total income	175,154	174,699	174,032	151,368	144,098
Total expenditure excluding USS deficit provision	178,443	174,184	177,715	153,304	142,238
USS deficit provision movement	18,185	(1,821)	(3,210)	1,750	6,675
Total expenditure including USS deficit provision	196,628	172,363	174,505	155,054	148,913
(Deficit)/Surplus before other gains and losses	(21,474)	2,336	(473)	(3,686)	(4,815)
Loss on disposal of fixed assets	-	-	-	(671)	(77)
Gain on investments	11,521	5,573	16,708	13,029	18,995
(Deficit)/Surplus before tax	(9,953)	7,909	16,235	8,672	14,103
Taxation	(1)	(6)	(385)	475	(72)
Total comprehensive (expense) / income for the year	(9,954)	7,903	15,850	9,147	14,031

Income

Total income for the year increased slightly to £175.2 million in 2018-19 from £174.7 million in 2017-18.

Funding body grants, primarily from Research England, saw a 8% decrease in year from £9.4 million in 2017-18 to £8.7 million in 2018-19 as the grant received to fund shared services came to an end on 31 July 2018. Other research grants and contracts income increased from £2.4 million in 2017-18 to £2.7 million in 2018-19.

Tuition fees and education contracts remain the University's largest source of income and saw a 2% increase in the year from £61.2 million in 2017-18 to £62.6 million in 2018-19. The largest element relates to the University's distance learning programmes where income grew by 2% to £60.8 million.

Excluding the impact of a one-off lease premium in 2017-18, the income generated from the University's residences, catering and conferences operations, which includes the intercollegiate student halls of residence, has grown by £1 million to £49.3 million mostly reflecting the impact of Handel Mansions opening as an intercollegiate student hall of residence.

Other income has decreased slightly from £45.9 million in 2017-18 to £44.4 million. There are a number of components:

- Income in relation to arrangements with Health Education England (HEE) increased slightly by £0.7 million to £12.9 million. However this income will cease from 1 August 2019 reflecting the decision by HEE during the year to transfer the services provided by staff employed by the University of London to HEE. Staff employed by the University to provide these services were transferred to direct employment by HEE from 1 August 2019.
- Income from subscriptions from member institutions has increased slightly by £0.8 million from the prior year to £12.7 million. These payments are primarily for services provided to our member institutions and reflects an increase in the volume of services provided by the University.
- Other general income, which includes income generated from services provided to education establishments outside of the member institutions of the University has decreased by £3 million to £18.1 million.

Investment income, which relates to income generated from our endowments, our other investments and in the University is a reflection of the distributions from subsidiaries, increased slightly year on year to £4.1 million.

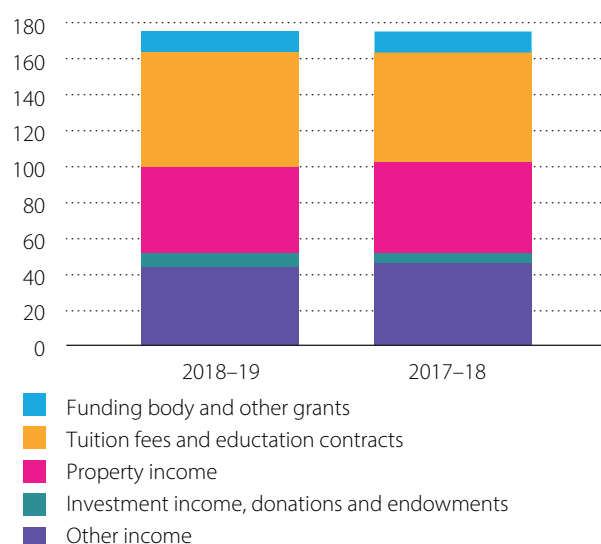
Donation and endowment income totalled £3.3 million, a £1.4 million increase on the income received in the previous year.

Expenditure

Total expenditure, excluding the movement in the USS deficit provision, has increased by 2% from £174.2 million in 2017-18 to £178.2 million in 2018-19. The USS deficit provision increased to £18.2 million, resulting in a 9.2% increase in total recognised expenditure to £196.6 million in 2018-19.

Staff costs remain the largest individual component of expenditure (as other operating costs include a number of separate elements). 2% of the increase in staff costs is due to the agreed increase in employer contributions to USS, while the rest of the growth reflects increased FTE and the impact of the nationally agreed pay rise. Average full time equivalent staff numbers for the University (including subsidiaries) increased by 32 FTE to 925 this year, an

Analysis of income £m



increase of 3.6% reflecting in part the decision to bring 37 reception, porters, post room and AV staff in-house as from 20 May 2019.

Other operating expenditure has increased by 2% to £105.3 million from £103.2 million in the prior year. This comprises the costs, other than staff costs, in relation to the academic activities, residences and catering services and other activities across the University.

Depreciation costs increased slightly to £5.5 million reflecting the University deciding to change the use of a number of properties previously held for investment at fair value to being used operationally in the prior year so held at net book value and depreciated.

Interest costs remained substantially the same as the prior year at £2.6 million.

Capital Expenditure

The University has continued to invest in improving and upgrading its teaching and research infrastructure as well as its student facilities, halls of residences and its estate generally. During 2018-19, the University continued the refurbishment plans for Charles Clore House and completed the refurbishment of Handel Mansions, which opened as a hall of residence for students in autumn 2018 as well four existing halls of residence. In addition, the University continues to invest in the development of new distance learning programmes and the modernisation of its IT systems to support academic endeavors. Total capital expenditure in 2018-19 was £16.9 million.

Balance Sheet

Net assets at July 2019 totalled £644.4 million, decreasing from £654.3 million at July 2018 due to the recognition of the additional USS pension liability.

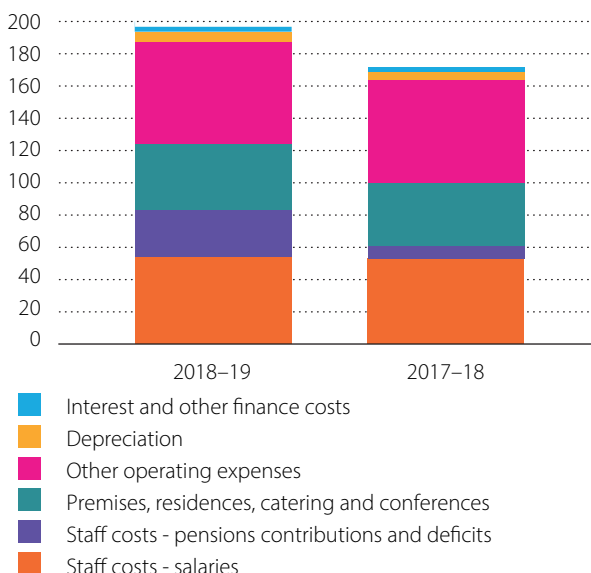
Intangible assets have increased to £7.0 million during the year, principally reflecting the continued investment in the development of new distance learning programmes as well as completion of the IT modernisation of the University Enterprise Resource Planning system. Fixed assets increased during the year by £8 million to £550 million reflecting the work ongoing in the refurbishment of the estate.

The market value of the University's investments have increased by £12.7 million to £205.6 million reflecting that both the market for central London properties and equity investments remains strong despite the uncertain political climate in the UK and lack of certainty on when and how the UK may leave the European Union. Heritage assets grew slightly in the year to £13.2 million following the transfer in the ownership of the CNAA Art Collection valued at £0.2 million from its own Trust to the University on 1 August 2018.

The provision for the University's share of the pension deficits increased from £11.5 million to £30 million following the agreement of the 2017 valuation of USS pension scheme and adoption of the new Schedule of Contributions dated 28 January 2019.

There are relatively small movements across other balance sheet items. Long-term borrowing, included in creditors falling due after more than one year, reduced slightly over the year as the University is now making small quarterly repayments of the debt principal.

Analysis of expenditure £m



Cash Flow, Liquidity and Treasury Management

While the University generated £2.3 million from operating activities during the year, cash and cash equivalents have reduced by £12.8 million over the year to £32.1 million as the planned capital expenditure has continued. This reflects the net cash inflow from operations, the net cash outflow on capital expenditure and the inflow generated from investment income and represents 65.7 days of expenditure.

Long-term borrowings have decreased from £49.8 million to £49.2 million as the first portion of the loan repayment was made in 2018 and there will be small repayments each year going forwards.

Due to the planned expenditure in capital investment during 2018-19 of £16.9 million, the University's net debt position has increased from £2.1 million in 2017-18 to £13.5 million. The University is expecting annual operating cash to improve in future years as the financial benefits from investments undertaken in recent years flow through.

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. Following a selection process in 2016-17, Goldman Sachs Asset Management and Insight Investments were chosen as the University's Money Market Fund Managers. £23.2 million of operational cash was invested in Money Market Funds at year end.

Investment

The endowment funds are invested in the Unified Trust Fund (UTF). The funds within the UTF are invested in line with the agreed Investment Strategy, which provides for a balance between income and capital growth with a medium level of risk over the longer term. Following the triennial review completed in 2016-17, the primary objective is to achieve a total return, including dividends, interest, rent or other income, and capital appreciation, of RPI +3.5% to +4% per annum, gross of fees, over a rolling 5-year period. The investment strategy splits the fund into three distinct portfolios; Equity, which represents the largest of the three portfolios at approx. 76.2% of the fund value at year end and is managed by Longview LLP (39.3%) and Schroder Investment Management Limited (36.9%); 9.1% in Absolute Return Fund managed by Ruffer AIFM Limited; and 14.7% in Property which is invested in a property fund managed by Mayfair Capital Investment Management Limited rather than direct specific property investments.

On a total return basis the performance of the Fund for 2018-19 saw a return of 8.7% compared to the Fund's benchmark target return of 8.3%. The benchmarks for the fund reflect the asset holdings and the associated market conditions.

The University investment properties have been subject to a professional valuation as at 31 July 2019 undertaken by Knight Frank LLP, Chartered Surveyors. The valuation exercise resulted in the carrying value of the remaining investment properties increasing by £6.6 million, an increase of 8% reflecting that the market for property similar to the University's remains strong.

Principal Risks and Uncertainties

It is the policy of the University that Risk Management is not an isolated activity – it is one element, together with planning and performance management, of the governance and management of the University. Risk Management also forms a part of the structure of internal control, and in particular will drive activity undertaken as part of the internal audit process. Furthermore, Risk Management is an activity that should be carried out at every level of the University to shape the work of departments, teams and individuals.

Whilst the University's Collegiate Council determines and advises the Board of Trustees on the collective member institutions 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 and a number of issues are identified as priorities.

The University also recognises that all members of staff should give due attention to managing risk regardless of the role they perform. All staff shall report new risks, or changes to the status of risks, through the management structure.

Our operations focus on our four strategic aims: Our academic mission and the delivery of academic excellence, the provision of high-quality academic support and professional services and property that is valued and relevant. During the year, the University has raised the risk rating in regards to (a) the future funding available to deliver the University's strategic objectives and (b) disruptive industrial action having an adverse impact on operations. Senior management have been focused on strategies to mitigate both existing risks along with alertness to changing external circumstances and agility to respond to new risks.

The University is not alone in being concerned about risk to future availability of funding. The UK university sector continues to experience a period of unprecedented change with the backdrop of the uncertain level of public sector finances, implications of the UK decision to leave the EU on student recruitment, access to research networks and funding for higher education. This has led to reductions in the level of central funding and increasing competition as universities vie for the best students and new providers enter the market. Initial inspection of our accounts reveal that the University's dependency on public funding is less than most other UK universities; these financial statements show that funding from UKRI accounted for 5% of total income.

However the University does receive specific Research England funding for the SAS's national role in promoting and facilitating research in the Arts and Humanities. The funding is on the basis of a rolling grant with an annual contestable percentage which is subject to the School meeting the objectives set by its Strategic Advisory Board. Aside from this, the University continues to invest in SAS to realise our own strategic objectives which underpin the University Strategy. It is not the University's intention that this ongoing investment should be used as a substitute for the loss of funding for SAS's national role.

The recommendations of the Augar Report issued in May 2019, if implemented, would potentially increase the financial pressures across the HEI sector. Given the size of the University's UK based student population, the main direct impact on the University of London would be through any recommendations arising from future scrutiny of the cost of student accommodation. The University has been actively involved in encouraging the introduction of affordability requirements into planning policy for new student accommodation. The University welcomes the change in the London Plan requires all new developments to include 35% genuinely affordable rooms.

The implications of the Augar Report would be more significant for member institutions and any change in activity levels would impact the University of London given the significant volume of transactions between the University and member institutions. The University is closely following any news on potential implementations of the Augar recommendations.

A risk associated with member institution activity levels is that of the future financial sustainability of Senate House Library. The University has agreed a modernisation plan that will see investment in the coming financial years which will support additional spaces for study, and other operational changes to support its ambition to be a nationally recognised library for arts and humanities scholars supporting the needs of our member institutions. The business plan that underpins this investment will ease the historical risk to the financial sustainability of the Library.

The future financial sustainability of ULIP is also a risk as the number of students wanting to study modern languages has continued to decline. The University continues to focus on the diversification of the core programmes as well as working with member institutions on opportunities that a base in Europe can offer.

Distance learning programmes are a major source of income for the University. There are both opportunities and threats as the market for distance education is increasingly competitive with new institutions, new learning technologies and private capital accelerating the pace of change. The University is investing in developing new and existing programmes and infrastructure to ensure it continues to be a world-leading institution in this area.

Staff costs are the largest individual component of the University's expenditure. All members of Universities Superannuation Scheme face challenges in regards to the increasing costs and any changes to the structure of funding that deficit. The University has participated in all the recent consultations and will be ready to participate appropriately to any future consultations on additional requirements.

The development of the estate is a key theme in the University strategy. The University Estates Masterplan sets out the core estates strategy that will guide decisions and growth in the coming years. We are approaching the Bloomsbury estate as a whole, looking at the short, medium and long-term space and growth requirements to ensure that we plan properly for the future needs of the University, its member institutions and students. The ongoing challenge with such a large and historically prestigious estates remains to balance all the requirements needed to deliver the Masterplan and the objectives that are covered by the University Strategic Plan aim 3 to deliver property that is valued and relevant.

The University is continuing in its programme of in-sourcing services where this is strategically beneficial. This year, it will begin to insource the security staff and cleaners, following the insourcing of receptionists, porters, post room and AV staff in May 2019. This decision presents the University with the immediate challenge of absorbing the additional costs within the existing budgetary constraints.

Looking Forward

The outlook for the University remains positive underpinned by a strong balance sheet and a pipeline of strategic investments, despite the presence of risk and uncertainty. The University has embarked on developing its Strategy for 2020-25, which will be presented to the Board of Trustees in spring 2020. This work will build on the University's heritage and achievements and promote its innovative and distinctive qualities. This is to include the University's unique federation and member institutions' national standing, the University's own national role, as well as its global distance learning provision.

Financial sustainability is a key component of the University Strategy. The University will continue to review all activities to ensure they are sustainable, affordable and fit for purpose.

Public Benefit Statement

The University is an exempt charity under the terms of the Charities Act 2011. The Charity Commission for England and Wales 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 member institutions 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 to the advancement of education, but also in a variety of ways to many of the other specific categories of charitable purposes set out in the Charities Act 2011.

The member institutions of the University, which are all themselves charities, have included within their respective financial statements for 2018-19 Public Benefit statements in conformity with the reporting requirements of the "Statement of recommended practice: Accounting for further and higher education 2015"; 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 member institutions.

The University of London is committed to widening participation and access to higher education. We have a proven track record, for more than 150 years, of successfully providing the highest quality education and flexible programmes at an affordable price to students from non-traditional backgrounds in the UK, in the University's Institute in Paris and globally.

The University's core mission has always been, and will always continue to be, to offer life-changing access to a university education that meets every student's needs and we will support all our students to enable them to achieve the best possible learning outcomes.

The University's portfolio of undergraduate and postgraduate programmes offered through its academic bodies -- the School of Advanced Study, University of London Worldwide and the University of London Institute in Paris -- encourages and supports access to higher education through a wide variety of modes of study and flexible provision including distance, and 'blended', learning.

In addition, the University is committed to the Social Mobility Pledge¹, which is in keeping with its access and participation strategies to make its programmes accessible to all students that could benefit, including those students who might otherwise have been excluded because of their life circumstances.

University of London delivers distance learning programmes in a wide range of disciplines and subject areas. These include MScs/MAs in Poverty Reduction; Applied Educational Leadership and Management; Environmental Management; Livestock Health and Production; Clinical Trials; Epidemiology; and Infectious Diseases; Global MBA and Master's in Professional Accountancy; it also offers BAs in Theology, English, History, Philosophy and Classics; and LLM and LLB degrees. Provision has recently been expanded with the launch of the University of London's first fully online degree programme, a BSc in Computer Science. The programmes are priced competitively to enable students, both in the UK and overseas, to access them. The cost of a typical three-year undergraduate programme ranges between £4,000 and £7,000. For fully online web-supported undergraduate programmes, prices are between £11,000 and £15,500.

1 The Social Mobility Pledge is a UK cross-political-party campaign to improve social mobility in the UK.
<https://www.socialmobilitypledge.org/>

Public Benefit Statement

The University welcomes applications from everyone, regardless of any specific access requirements and our mission is to ensure that our services are accessible to all. We are continually evolving the work of our student experience teams that enable us to provide targeted and dedicated support to applicants from their first enquiry through the application process and during enrolment. These teams also provide advice and guidance on both academic and pastoral concerns.

The School of Advanced Study is unique as the only institution in the UK nationally funded to promote and facilitate research in the humanities and social sciences. The School's events programme, which comprises a wide range of seminars, workshops, lectures and conferences, is unrivalled in scale, focus and quality. During 2018-19 approximately 2,000 events were organised, attracting over 65,000 audience members drawn from the UK (including London) 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.

Senate House Library is the central library for the University of London and the School of Advanced Study. It provides access to millions of books, journals, special collections, archives and digital resources to support research across the arts, humanities and social sciences. There are over 47,000 registered members, who visited nearly 160,000 times, spending over 400,000 hours in the Library. The Library runs two engagement seasons each year, with 1,400 non-members visiting the exhibitions and a further 700 attending a range of lectures, readings, walks, workshops and performances. Over 176,000 users were reached around the world via its website, including bespoke digital content created to support Senate House Library's engagement programmes.

The University provides a wide range of affordable accommodation options for students across London to suit every requirement including: in intercollegiate halls of residence, which offer a diverse and inclusive environment; through University Student Homes, which works closely with trusted private landlords to offer good quality housing; and through our Housing Services team, which provides expert advice to students looking for private accommodation.

The University has developed digital maps of Higher Education in London for the Greater London Authority to enable planners to see the needs of students more easily. The University welcomes the introduction of the affordable requirement in the new London Plan for all new student accommodation.

The University provides bespoke careers advice and support to students, graduates and early careers research staff through the work of the Careers Group, the largest HE careers and employability service in Europe and recognised as a centre of excellence in relation to careers and employability support.

The University has been paying the London Living Wage to all staff and made this a procurement criteria when awarding contracts to suppliers since 2012. The Living Wage Foundation awarded "Living Wage Accredited Employer" status to the University in July 2019. This is a long term commitment and investment in both the University's people, supply chain and the wider public good.

The University, on behalf of the federation, manages a range of trust funds and endowments. The endowment funds as shown in the balance sheet at 31 July 2019 were carried at their market value, which was £95.8 million, and the sums expended during the year from these funds amounted to £2.6 million (see Note 23 of the Financial Statements). 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 member institutions and central academic bodies, thereby providing opportunities to those whose means may otherwise inhibit them from participating in teaching and research activities. A number of trust funds support the development of collections held by Senate House Library; and the 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.

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),
- in line with the Office for Students' public interest governance principles and,
- in full accordance with the guidance provided by the Committee of University Chairs in its "Higher Education Code of Governance (revised June 2018)".

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 Public Benefit Statement section above provides details of the reasons for this confirmation.

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 2018 and by the Statutes made in 2018 under that Act, 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 central activities included in these financial statements, comprises a further seventeen member institutions, each of which is a higher education institution (HEI) and a self-governing incorporated body with its own legal identity.

The University's **Board of Trustees**, the governing and executive body of the University, comprises: eleven appointed independent persons – all of whom are non-executive; the Vice-Chancellor; the Deputy Vice-Chancellor; and four heads of member institutions, 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 OFS "Terms and Conditions of Funding for higher education institutions for the period to 31 July 2019 (OFS 2018.15)". 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 wholly-owned subsidiary companies.

The Board of Trustees is supported by the **Collegiate Council**, which comprises the heads of the member institutions of the University; the Vice-Chancellor; the Deputy Vice-Chancellor; the Dean and Chief Executive of the School of Advanced Study; and the Chief Executive of University of London Worldwide. The Collegiate Council is chaired by the Vice-Chancellor. The Collegiate Council is responsible for determining, and advising the Board of Trustees on the collective view of the member institutions 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 central academic bodies and central 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 member institutions, and on the funding of those services.

The University's Statutes provide that the Board of Trustees shall appoint an Audit and Risk Assurance 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 Assurance Committee, are: Nominations, Remuneration, Estates,

Corporate Governance Statement

Ethical Acceptance of Donations, Equality and Diversity, Investments, Safety and Trust Funds. 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 Assurance Committee**, which meets at least four times a year, is responsible for meeting with the external auditors to discuss audit findings and with the internal auditors to consider their detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans.

The Committee also receives reports on value for money; monitors adherence to regulatory requirements; and considers reports from OfS as they affect the University's activities. 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 report and 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 both skills, different lived experiences and benefits that diversity can bring to a university that is truly global. These are important considerations for the Committee in selecting members of the Board of Trustees. Vacancies are advertised openly and appropriately. As part of the forthcoming governance review (2019-20) consideration will be given to expanding the role of the Nominations Committee to appointments to Committees and Honorary Awards of the University.

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

The **Estates Committee** is responsible for a number of estates-related matters and also advises the Board of Trustees on matters relating to the University's estate, including specific capital projects and wider estates strategy.

The **Ethical Acceptance of Donations Committee** reviews potential donations referred to it, in accordance with the University's Ethical Acceptance of Donations Policy.

The **Equality and Diversity Committee** seeks to promote equality and diversity among staff and students. Its responsibilities include developing and ensuring implementation of the University's Equality and Diversity Strategy and related policies; monitoring and making recommendations in response to developments in legislation; and reporting to the Board of Trustees on equal opportunities monitoring and developments in relation to equality, diversity and inclusion.

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 **Trust Funds Committee** makes allocations from the University's endowment funds to support educational activities at the University and at the member institutions. It also acts as an oversight Committee ensuring that allocated monies are spent in accordance with the terms of each trust fund.

Corporate Governance Statement

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 of Trustees, and for maintaining and promoting the efficiency and good order of the University. The Vice-Chancellor is also, under the OfS Terms and Conditions of Funding for higher education institutions, 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.

Following the passage of the University of London Act 2018, the University is supporting twelve member institutions who seek to gain University title. The grant of University title will enable the member institutions to possess university status in their own right. None have expressed intention to change their legal/ trading name(s) upon the award of University title.

The University will undertake a review of its governance during the 2019-20 session, to ensure that it is fit for purpose and will support the effective delivery of the new University Strategic Plan for 2020-2025. The review will include an audit against any future iteration of the CUC Higher Education Code of Governance, as well as any relevant regulatory or legislative changes having effect from the time of the production of this report.

Membership and Responsibilities of the Board of Trustees

Membership

Period 1 August 2018 to 27 November 2019 (unless otherwise stated):

Independent Members	Period of office
Jane Andrewartha	
Stella Beaumont	
Abdul Bhanji	
Philip Clark	
Sir Richard Dearlove (Chair)	
Andrew Halper	
Kieran Murphy	
Andrew Ratcliffe	
Malcolm Roberts	
Mark Storey	
Rosalyn Wilton	

Vice-Chancellor

Professor Sir Adrian Smith	To 31 August 2018
Professor Peter Kopelman	From 1 September 2018 to 30 June 2019
Professor Wendy Thomson	From 1 July 2019

Deputy Vice-Chancellor

Professor Edward Byrne, President and Principal of King's College London	To 31 July 2019
Professor Paul Layzell, Principal of Royal Holloway, University of London	From 1 August 2019

Representative Head of Member Institution

The Baroness Amos of Brondesbury, Director of SOAS University of London	From 1 August 2019
Professor Michael Arthur, President and Provost of UCL	
Professor Edward Byrne, President and Principal of King's College London	From 1 August 2019
Professor Paul Layzell, Principal of Royal Holloway, University of London	To 31 July 2019
Patrick Loughrey, Warden of Goldsmiths, University of London	To 31 May 2019
Professor Stuart Reid, Principal of the Royal Veterinary College	

Membership and Responsibilities of the Board of Trustees

Responsibilities

In accordance with the Charter and Statutes of the University of London, the Board of Trustees (the Board) 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: Accounting for Further and Higher Education (2015) and all other relevant accounting and financial reporting standards. In addition, in the OfS Terms and Conditions of Funding for higher education institutions, 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.

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

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

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

Membership and Responsibilities of the Board of Trustees

- comprehensive financial regulations, detailing financial controls and procedures, approved by the Audit and Risk Assurance Committee and the Board;
- a professional Internal Audit Provider, whose annual programme is approved by the Audit and Risk Assurance 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.

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 2018 Act and Statutes, and the OfS Terms and Conditions of Funding for higher education institutions.

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 2019 and up to the date of approval of the financial statements, and accords with OfS 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 Assurance 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 Assurance 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 Audit Code of Practice (Annex C to the OfS Terms and Conditions of Funding for higher education institutions). Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Independent Auditor's Report to the Board of Trustees of the University of London

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements of University of London (the 'University') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2019 and of the group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the consolidated and University statement of comprehensive income and expenditure;
- the consolidated and University balance sheet;
- the consolidated and University statement of changes in reserves;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Board of Trustees of the University of London

Other Information

The governing body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of the Governing Body

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 and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible for assessing the group's and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing body either intends to liquidate the group or the University or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Board of Trustees of the University of London

Report on Other Legal and Regulatory Requirements

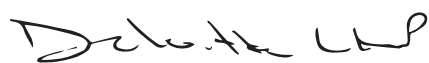
Opinions on Other Matters Prescribed by the Office for Students ('OfS') "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes during the year ended 31 July 2019 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2019; and
- the requirements of the OfS's accounts direction have been met.

Use of Our Report

This report is made solely to the governing body in accordance with the charter and statutes of the University and the Accounts Direction issued by the Office for Students. 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.



Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
27 November 2019

Statement of the University's Principal Accounting Policies

Nature and Location of University

The University of London is a corporation established by Royal Charter in the United Kingdom in 1836. The headquarters of the University and the registered office of its subsidiary undertakings is Senate House, Malet Street, London, WC1E 7HU.

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements conform to guidance published by the Higher Education Funding Council for England and the Office for Students.

The activities of the University, together with the factors likely to affect their future performance and position are as set out in the Strategic Report on pages 8-22. Having regard 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 it continues 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 derivative financial instruments.

Basis of Consolidation

The consolidated financial statements include the University and subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation.

Related Party Transactions

The University is partly funded by subscriptions from the Member Institutions within the federation and by charges for specific services supplied by the University to Member Institutions. Heads of Member Institutions within the federation are ex officio members of the Collegiate Council. The Member Institutions 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 to the Charities Act 2011 and as such is a charitable company within the meaning of Part 11 of the Corporation Tax Act 2010 (CTA). 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.

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.

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 Statement of Comprehensive Income.

Statement of the University's Principal Accounting Policies

Intangible Assets

Course, website and software development expenditure is charged to the Statement of Comprehensive Income in the year incurred unless it meets the recognition criteria for capitalisation as set out in FRS 102: 18.4 and 18.8H. When the recognition criteria have been met then such expenditure is capitalised as an intangible asset under construction. When the asset becomes available for use, the expected useful economic life of the asset is estimated, and it is amortised on a straight-line basis over its useful life, with amortisation being an expense in the Statement of Comprehensive Income. 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. The useful economic life of a new intangible asset does not exceed five years unless there is strong justification for this. Once the original intangible asset has started being amortised, if there is subsequent development work capitalised on that asset, this will be assessed by management. If it is deemed to be intrinsically related to the original development work capitalised, it will be amortised over the remaining life of the original intangible asset. If it is deemed to represent future economic benefit separate to that of the original development work, it will be capitalised separately and amortised over the new asset's useful life.

The useful economic lives of the intangible assets are as follows:

- Course development: 5 years
- Website development: 5 years
- Software: 5 years

Tangible Fixed Assets

Tangible fixed assets are operational assets whose risks and rewards belong to the University of London. This consists of both assets owned by the University and assets held by the University on a finance lease where the University is the lessee. Refurbishment costs incurred in relation to buildings after initial measurement are capitalised to the extent that they increase the expected future economic benefits of the asset in question to the University. Assets which are let out on finance leases where the University is the lessor and investment property are excluded.

Property

The University has the following classes of property assets and bases of recognition:

- Freehold land: recognised at fair value as deemed cost (ie. fair value at 1 August 2014) and not depreciated due to its infinite useful economic life (UEL).
- Freehold buildings & refurbishment: Buildings, including any refurbishment prior to 1 August 2014, are recognised at fair value as deemed cost (i.e. fair value at 1 August 2014) and depreciated to their estimated residual value over the useful economic life of the asset. Building additions subsequent to 1 August 2014 are recognised at cost and depreciated over the useful economic life of the building. Capital refurbishment subsequent to 1 August 2014 other than separately identifiable items of plant and equipment, to the extent that it increases future economic benefit to the University, is recognised at cost and depreciated over the useful economic life of the refurbishment asset.
- Long leasehold buildings & refurbishment: Buildings held on a finance lease where the University is the lessee are recognised at inception of the lease as the lower of (i) the fair value of the building and (ii) the present value of the minimum lease payments. This is depreciated over the lower of the useful economic life of the asset and the lease term. Capital refurbishment other than separately identifiable items of plant and equipment, to the extent that it increases future economic benefit to the University, is recognised at cost and depreciated over the useful economic life of the refurbishment asset.

Statement of the University's Principal Accounting Policies

The useful economic lives of the property assets are as follows:

- Land: Infinite
- Buildings: 100 years
- Refurbishment costs: 3-20 years

Assets Under Construction

Assets under construction are not depreciated. A quarterly review of assets under construction is undertaken to assess whether the assets under construction are available for use, at which point they become depreciable assets and are reclassified appropriately.

Plant and Equipment

Single items of plant and equipment costing £10,000 or more, or multiple items of plant and equipment whose functionality is intrinsically linked and which together cost £10,000 or more, are capitalised as plant and equipment assets. Capitalised assets are depreciated over their useful economic life. Single items under £10,000 are written off in the year of acquisition. Groups of items purchased together which individually cost under £10,000 and together cost £10,000 or more, but whose functionality is not intrinsically linked, are also written off in the year of acquisition.

The useful economic lives of the plant and equipment assets are as follows:

- Motor vehicles: 3 years
- Computing equipment: 3-5 years
- Boats and boating equipment: 10-25 years
- Other plant and machinery: 5-20 years

In cases where the asset class has a potential range of useful economic lives, the assets are assessed on an individual basis and assigned the most appropriate useful economic life from within that range.

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

Leases: University as Lessee

When the University enters into any lease agreements as lessee, the lease is reviewed. If there are any indicators of a finance lease implicit in the lease as set out in FRS 102: 20, a management decision is made over whether the lease is a finance lease or an operating lease.

Finance Lease

When a lease is deemed to be a finance lease, the associated asset is recognised as an asset of the University of London. The amount recognised is the lower of the fair value and the present value of minimum lease payments at the time of inception of the lease. This is then depreciated over the lower of the life of the lease and the UEL of the asset class to which it belongs.

Operating Lease

When a lease is deemed to be an operating lease, the cost of lease payments and the reduction of cost of any lease incentives are recognised on a straight-line basis over the life of the lease. The leased asset is not recognised as the University's asset.

Leases: University as Lessor

When an asset owned by the University of London is let out, the lease is reviewed. If there are any indicators of a finance lease implicit in the lease as set out in FRS 102: 20, a management decision is made over whether the lease is a finance lease or an operating lease.

Statement of the University's Principal Accounting Policies

Finance Lease

When a lease is deemed to be a finance lease, the associated tangible fixed asset is derecognised, and a finance lease receivable is recognised. The finance lease receivable consists of the present value of the residual value of the asset on reversion to the University at the end of the lease and the present value of any rental income receivable throughout the life of the lease. A rate deemed to be appropriate is used to calculate the finance income, and equivalent increase in finance lease receivable, during the life of the lease. Any rental income received is recognised as a reduction in finance lease receivable. The finance lease receivable is reviewed annually for impairment.

Operating Lease

When a lease is deemed to be an operating lease, income from lease payments and reduction of income of any lease incentives are recognised on a straight-line basis over the life of the lease. The leased asset remains the University's asset, and depreciation and any other costs associated with the asset are recognised as an expense.

Heritage Assets

The University has received gifts and bequests of works of art, library collections and other decorative items. The University has also purchased works of art, rare books and manuscripts with funds from specific benefactions and public grants. All of these assets are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are recognised at cost of acquisition or, in the case of donated assets, valuation at the date of donation. Where a valuation cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the donated asset is not recognised but is disclosed in the note to the accounts. Historic assets which are used by the University are accounted for as tangible fixed assets.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Heritage assets are assessed annually for impairment.

Investments

Investment Properties

Investment properties are land and buildings owned by the University of London which are held for capital appreciation or rental income. All assets let out under finance leases are excluded.

Investment properties are held at fair value, and are revalued annually with the assistance of qualified external valuers. Any revaluation gain or loss is taken to income or expenditure. No depreciation is provided in respect of investment properties.

Subsidiaries

Investment in subsidiaries is held at the carrying amount which is deemed to be the net asset value of the subsidiary, less any impairment.

Other Non-Current Investments

Other non-current investments are held at fair value and revalued at the end of each reporting period, with changes in fair value being recognised in the Statement of Comprehensive Income.

Current Asset Investments

Current asset investments comprise money on term deposits of longer than three months which is stated at the lower cost and net realisable value, and money market funds which are shown at market value in the Balance Sheet.

Statement of the University's Principal Accounting Policies

Stocks

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

Financial Instruments

Basic financial instruments comprise cash, demand and fixed-term deposits, loans receivable and payable and bonds. Such instruments are recognised at the transaction price and held at amortised cost using the effective interest rate method or cost. They are subject to an annual impairment review.

Investments in non-convertible preference shares and non-puttable ordinary and preference shares are measured at fair value where publicly traded or their value can otherwise be reliably measured. Otherwise they are measured at cost less impairment.

Complex financial instruments include options, rights, warrants, futures and forward contracts and interest rate swaps that can be settled in cash or by exchanging another financial instruments, hedging instruments and asset-backed securities. Complex financial instruments are recognised initially and held at fair value with changes in fair value taken directly to the Statement of Comprehensive Income.

Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand and deposits repayable within three months. Deposits repayable in more than three months are held as current asset investments.

Provisions and Contingent Liabilities

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

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

Pensions

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.

The University contributes to the National Health Service Pension Scheme (NHSPS), 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 complies with FRS 102 28.11. Its defined benefit schemes (USS, SAUL and NHSPS) are all multiemployer 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. Contributions to defined contribution schemes, or schemes treated as defined contribution schemes, are recognised as an expense where already paid by year end, or are recognised as a liability where not paid by year end.

Statement of the University's Principal Accounting Policies

The University also complies with FRS 28.11A. The University has entered into agreements with USS and SAUL to fund their deficits, and recognises a liability for the contributions payable that arise from these agreements. The expense resulting from this liability and any movements in this liability are recognised in the Statement of Comprehensive Income. NHSPS does not meet the criteria of FRS 102 28.11A so no liability is recognised.

The University also 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; to Aegon, a defined contribution scheme, for the staff of CoSector Limited; to Singapore Central Provident fund, a defined contribution system, for the staff of Senate House Worldwide Limited Singapore branch; and to the National Employment Savings Trust, a defined contribution scheme, for individuals employed via CoSector's Temp Agency.

Grants

All grants are accounted for under the performance model.

Capital grants with performance conditions for both land and buildings, and revenue grants with performance conditions, from both Funding Bodies and from other sources, are recognised initially as deferred income, and then released to the Statement of Comprehensive Income on entitlement.

Capital grants with restrictions but without performance conditions for both land and buildings, and revenue grants with restrictions but without performance conditions, from both Funding Bodies and from other sources, are recognised in the Statement of Comprehensive Income on entitlement, and are subsequently recorded within restricted reserves.

Donations and Endowments

Donations with performance conditions are recognised as deferred income, and recognised in the statements of comprehensive income on entitlement to income when the performance conditions are met.

Unrestricted donations are recognised in the Statement of Comprehensive Income on entitlement to income and form part of the movement of unrestricted reserves.

Restricted donations which can be spent on the specified activity within a short period of time are recognised in the Statement of Comprehensive Income on entitlement to income and form part of the movement of restricted reserves. Expenditure incurred on the activity to which the donation was restricted, to the value of that donation, also forms part of the movement of restricted reserves.

Restricted donations which could not be spent within a short period of time are recognised as expendable endowments.

Expendable endowments comprise restricted donations to the University which could not be spent within a short period of time and Trusts of which the University is a Trustee with no permanent restrictions on capital. Income is recognised in the Statement of Comprehensive Income on entitlement. Donation income, any investment income arising from investment of the funds, and expenditure incurred in line with the purpose of the donation or Trust, form part of the creation of, and movement in, expendable endowment reserves. Endowment assets may be held as non-current investments or cash.

Permanently restricted endowments comprise donations to the University and Trusts of which the University is a Trustee 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. Income is recognised in the Statement of Comprehensive Income on entitlement. Donation income, any investment income arising from investment of the funds, and expenditure incurred in line with the purpose of the donation or Trust, form part of the creation of, and movement in, permanent endowment reserves.

Statement of the University's Principal Accounting Policies

Other Items of Total Comprehensive Income

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

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

Service Concessions

Where the University is the grantor in a service concession arrangement, infrastructure assets are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement. Where the University does not recognise a liability to make payments, it does not recognise an infrastructure asset.

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2019

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	62,629	62,629	61,242	61,242
Funding body grants	2	8,704	8,704	9,382	9,382
Research grants and contracts	3	2,742	2,742	2,401	2,401
Property income	4	49,337	46,210	50,028	46,591
Other income	5	44,374	39,338	45,886	43,017
Investment income	6	4,076	5,433	3,847	5,168
Donations and endowments	7	3,292	3,292	1,913	1,913
Total income					
		175,154	168,348	174,699	169,714
Expenditure					
Staff costs excluding USS pension deficit movement	8	65,058	64,235	62,784	62,015
USS pension deficit movement		18,185	18,185	(1,821)	(1,821)
Total Staff costs					
Other operating expenses	10	105,253	99,383	103,204	99,567
Depreciation	13	5,529	5,442	5,436	5,304
Interest and other finance costs	9	2,603	2,603	2,760	2,760
Total expenditure					
	10	196,628	189,848	172,363	167,825
(Deficit) / Surplus before other gains and losses					
		(21,474)	(21,500)	2,336	1,889
Gain on investments	16	11,521	11,835	5,573	5,727
(Deficit) / Surplus before tax					
		(9,953)	(9,665)	7,909	7,616
Taxation	11	(1)	-	(6)	-
Total comprehensive income and expenditure for the year					
		(9,954)	(9,665)	7,903	7,616
Represented by					
Endowment comprehensive income for the year		5,096	5,096	7,126	7,126
Restricted comprehensive income for the year		112	112	(84)	(84)
Unrestricted comprehensive income and expenditure for the year		(15,162)	(14,873)	861	574
		(9,954)	(9,665)	7,903	7,616

All (deficit) / surplus for the year is attributable to the University

All comprehensive income and expenditure for the year is attributable to the University

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2019

Consolidated	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2017	83,594	293	562,540	646,427
Surplus from the income and expenditure statement	9,688	460	(2,245)	7,903
Release of restricted funds spent in year	(2,562)	(544)	3,106	-
Total comprehensive income for the year	7,126	(84)	861	7,903
Balance at 31 July 2018	90,720	209	563,401	654,330
Surplus from the income and expenditure statement	7,706	859	(18,519)	(9,954)
Release of restricted funds spent in year	(2,610)	(747)	3,357	-
Total comprehensive income for the year	5,096	112	(15,162)	(9,954)
Balance at 31 July 2019	95,816	321	548,239	644,376

University	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2017	83,594	293	562,540	646,427
Surplus from the income and expenditure statement	9,688	460	(2,532)	7,616
Release of restricted funds spent in year	(2,562)	(544)	3,106	-
Total comprehensive income for the year	7,126	(84)	574	7,616
Balance at 31 July 2018	90,720	209	563,114	654,043
Surplus from the income and expenditure statement	7,706	859	(18,230)	(9,665)
Release of restricted funds spent in year	(2,610)	(747)	3,357	-
Total comprehensive income for the year	5,096	112	(14,873)	(9,665)
Balance at 31 July 2019	95,816	321	548,241	644,378

Consolidated and University Balance Sheet

For the year ended 31 July 2019

	Notes	At 31 July 2019		At 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	12	6,982	6,982	5,769	5,769
Tangible assets	13	550,055	549,978	542,109	541,945
Heritage assets	13, 14	13,200	13,200	12,961	12,961
Investments	16	205,560	206,417	192,872	193,415
		775,797	776,577	753,711	754,090
Current assets					
Stock	17	700	700	869	869
Trade and other receivables	18	17,875	20,816	20,195	22,148
Cash and cash equivalents	25	32,062	26,978	44,941	41,637
		50,637	48,494	66,005	64,654
Less: Creditors: amounts falling due within on year	19	(36,643)	(35,278)	(37,550)	(36,865)
Net current assets		13,994	13,216	28,455	27,789
Total assets less current liabilities		789,791	789,793	782,166	781,879
Creditors: amounts falling due after more than one year	20	(113,479)	(113,479)	(115,480)	(115,480)
Provisions					
Pension provisions	21	(29,971)	(29,971)	(11,533)	(11,533)
Other provisions	21	(1,965)	(1,965)	(823)	(823)
Total net assets		644,376	644,378	654,330	654,043
Restricted reserves					
Income and expenditure reserve - endowment reserve	23	95,816	95,816	90,720	90,720
Income and expenditure reserve - restricted reserve	24	321	321	209	209
Unrestricted reserves					
Income and expenditure reserve - unrestricted		548,239	548,241	563,401	563,114
Total reserves		644,376	644,378	654,330	654,043

The financial statements were approved by the Board of Trustees on 27 November 2019 and were signed on its behalf on that date by:

Sir Richard Dearlove
Chair, Board of Trustees

Professor Wendy Thomson
Vice-Chancellor

Consolidated Cash Flow Statement

For the year ended 31 July 2019

	Notes	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Cash flow from operating activities			
(Deficit)/ Surplus for the year		(9,954)	7,903
Adjustment for non-cash items			
Depreciation	13	5,529	5,436
Amortisation of intangibles	12	1,477	780
Gain on investments	16	(12,313)	(5,304)
Decrease/(increase) in stock	17	169	(238)
Decrease/(increase) in debtors	18	2,320	(1,624)
Decrease in creditors	19, 20	(2,908)	(823)
Increase/(decrease) in pension provision	21	18,438	(1,593)
Increase in other provisions	21	1,142	823
Adjustment for investing or financing activities			
Investment income	6	(4,076)	(3,847)
Interest payable	9	2,520	2,545
Capital grant income	2	(83)	(210)
Net cash inflow from operating activities		2,261	3,848
Cash flows from investing activities			
Capital grants receipts	2	83	210
Investment income	6	4,076	3,847
Payments made to acquire fixed assets	13	(13,714)	(5,436)
Payments made to acquire intangible assets	12	(2,690)	(2,508)
New non-current asset investments	16	(375)	(1,142)
		(12,620)	(5,029)
Cash flows from financing activities			
Interest paid	9	(2,520)	(2,545)
		(2,520)	(2,545)
Decrease in cash and cash equivalents in the year		(12,879)	(3,726)
Cash and cash equivalents at beginning of the year	25	44,941	48,667
Cash and cash equivalents at end of the year	25	32,062	44,941

Notes to the Financial Statements

For the year ended 31 July 2019

Notes	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Distance learning students	60,791	60,791	59,523	59,523
Full-time home and EU students	435	435	341	341
Full-time overseas students	422	422	453	453
Part-time students	981	981	925	925
	62,629	62,629	61,242	61,242
2 Funding body grants				
Recurrent grant				
Research England	8,621	8,621	9,172	9,172
Capital grant	83	83	210	210
	8,704	8,704	9,382	9,382
3 Research grants and contracts				
Research councils	707	707	845	845
Research charities	976	976	697	697
Government (UK and overseas)	698	698	592	592
Other	361	361	267	267
	2,742	2,742	2,401	2,401
4 Property income				
Residences, catering and conferences	43,596	40,469	43,002	39,565
Estates revenue	5,741	5,741	7,026	7,026
	49,337	46,210	50,028	46,591
5 Other income				
Member institutions: subscriptions and charges	12,671	12,671	11,918	11,918
Other revenue grants	639	639	655	655
Other income	18,144	13,108	21,129	18,260
Arrangements with HEE	12,920	12,920	12,184	12,184
	44,374	39,338	45,886	43,017
6 Investment income				
Investment income on endowments	2,671	2,671	2,650	2,650
Other investment income	1,405	2,762	1,197	2,518
	4,076	5,433	3,847	5,168
7 Donations and endowments				
Donations with restrictions	892	892	363	363
Unrestricted donations	2,400	2,400	1,550	1,550
	3,292	3,292	1,913	1,913

Notes to the Financial Statements

For the year ended 31 July 2019

8 Staff costs

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff costs :				
Salaries	48,185	47,476	47,015	46,348
Other staff costs	-	-	29	27
Social security costs	5,606	5,527	5,477	5,406
Movement on USS provision	18,185	18,185	(1,033)	(1,033)
Movement on SAUL provision	-	-	(788)	(788)
Other pension costs	11,267	11,232	10,263	10,234
Total	83,243	82,420	60,963	60,194
The above is analysed as follows:				
University and Subsidiaries	73,181	72,358	48,900	48,131
HEE	10,062	10,062	12,063	12,063
Total	83,243	82,420	60,963	60,194

	2019 No.	2018 No.
Average full time equivalent staff numbers:		
University and subsidiaries	925	893
HEE	134	139
	1,059	1,032

Number of staff whose basic pay is over £100,000:

	2019 No.	2018 No.
£100,000 to £104,999	5	2
£105,000 to £109,999	1	-
£110,000 to £114,999	4	-
£115,000 to £119,999	1	1
£120,000 to £124,999	2	1
£135,000 to £139,999	-	1
£140,000 to £144,999	-	1
£145,000 to £149,999	1	-
£150,000 to £154,999	-	1
£155,000 to £159,999	1	1
£160,000 to £164,999	1	1
£165,000 to £169,999	-	1
£220,000 to £224,999	-	1
£225,000 to £229,999	1	-
	17	11

Notes to the Financial Statements

For the year ended 31 July 2019

8 Staff costs continued

Total remuneration of the Vice-Chancellor	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
Basic salary	233,393	168,385
Performance related pay, bonuses and other remuneration	-	-
Taxable and non-taxable benefits	-	-
Pension contributions	-	-
	233,393	168,385

The above amount for the year ended 31 July 2019 is the combined remuneration for three Vice-Chancellors who held the post during the year. Professor Sir Adrian Smith was in post as Vice-Chancellor until 31 August 2018, Professor Peter Kopelman was in post as Vice-Chancellor for the period 1 September 2018 to 30 June 2019 and Professor Wendy Thomson has been in post as Vice-Chancellor since 1 July 2019.

We have decided to early adopt the OfS accounts direction for 2019-20 which allows us to give the full details of the total remuneration package of the provider based on the amount paid by the provider.

The position of Vice-Chancellor of the University of London is unique as it combines the role of chief-executive of a prestigious high-performing organisation with convening a federal community of seventeen other independent universities. The University collaborates to deliver a range of world-leading education-based services and, through its online, blended and flexible learning programmes, reaches out to thousands of students across more than 190 countries globally. The University also has a significant property portfolio. The University employs c.900 staff and generates annual income in excess of £175 million.

The role of Vice-Chancellor requires particular skills as well as personal standing, gravitas and influence. The pool of potential candidates for the role is consequently limited and therefore offering a competitive reward package is essential to attract and retain the best people.

The Vice-Chancellor's remuneration has been determined by the University's Remuneration Committee. The Committee is responsible for reviewing the Vice-Chancellor's performance against expectations set by the Chair of the Board of Trustees. The Vice-Chancellor's remuneration is currently aligned with the upper quartile of basic pay for Heads of Institution in the UCEA 2018 Senior Staff Remuneration Survey (Pre-92 universities by institutional income). The current Vice-Chancellor receives a payment in lieu of pension contributions consistent with an agreement reached by the University's Remuneration Committee in 2016 to offer a cash supplement to high-earning individuals impacted by changes in the Lifetime Tax Allowance.

In the year 2018-19, the University engaged three Vice-Chancellors, one on an interim basis between 1 September 2018 and 30 June 2019, with the previous Vice-Chancellor ending his tenure on 31 August 2018 and the current Vice-Chancellor taking up the post from 1 July 2019. The interim Vice-Chancellor successfully delivered against the final year of the University's 2014-2019 strategy, ensuring its continued role as a leader and innovator in the new, rapidly changing, higher education landscape. The interim Vice-Chancellor led on operations of significant complexity in a challenging financial and industrial relations climate and in a set of circumstances which are unique within the UK HE sector given the University's federal structure.

The current Vice-Chancellor has set the direction for the University's next strategy through encouraging a vision for the University's unique place in the sector, nationally and globally, on its 200th birthday in 2036.

The full-time equivalent basic salary of the three Vice-Chancellors respectively during the year was 7.9, 8.0 and 8.1 times the median pay of staff. The median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff (2018: 8.1).

The full-time equivalent total remuneration of the three Vice-Chancellors respectively during the year was 7.0, 7.1 and 7.5 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider to its staff (2018: 7.1). The comparative median total remuneration has been restated; the previous financial statements disclosed the median total remuneration as 7.9.

The median pay and median total remuneration of staff is based on the full-time equivalent salaries of all staff who are included in the Staff Return submitted to Higher Education Statistics Agency (HESA) and reported in real time. This excludes agency staff, self-employed contractors, honorary contracts where the contract is not deemed to be a contract of employment, staff employed directly by CoSector Limited, contractors paid via a personal services company, overseas staff, staff employed via the CoSector Temp Agency and examiners. The University collects FTE data in order to submit the Staff Return to HESA, and these categories of staff are not included in the HESA Staff Return. As a result these categories of staff have been excluded from the calculation of median pay because FTE data has not been collected and verified for them and the data is not held in an easily accessible format that could be collated within the timescales available.

Notes to the Financial Statements

For the year ended 31 July 2019

8 Staff costs continued

Compensation for loss of office

Compensation for loss of office of the following amounts, paid to the following number of staff, included within Salaries.

	Year ended 31 July 2019		Year ended 31 July 2018	
	£'000	No. of staff	£'000	No. of staff
University and subsidiaries	222	24	314	20
HEE	31	4	623	19

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel and employer's pension contributions.

Key management personnel are deemed to be the eight (2018: seven) members of staff who, along with the Vice-Chancellor, are members of the Vice Chancellor's Executive Group, and the members of the Board of Trustees, none of whom are remunerated for their services (see note 28).

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
Key management personnel compensation	1,202	1,120

9 Interest and other finance costs

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest	2,520	2,520	2,545	2,545
Exchange differences	(170)	(170)	(13)	(13)
Net charge on pension scheme	253	253	228	228
	2,603	2,603	2,760	2,760

Notes to the Financial Statements

For the year ended 31 July 2019

10 Analysis of total expenditure by activity

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	78,947	78,861	78,370	78,264
Premises	17,212	17,213	15,602	15,602
Residences, catering and conferences	32,038	29,952	32,310	30,324
Administration and central services	34,945	35,308	11,403	11,782
Research grants and contracts	2,507	2,507	2,113	2,113
Other expenses	20,900	15,929	20,381	17,556
Arrangements with HEE	10,079	10,078	12,184	12,184
	196,628	189,848	172,363	167,825
External auditor's remuneration for auditing the consolidated financial statements	112		115	
External auditor's remuneration for other assurance services	28		46	
External auditor's remuneration for tax-related services	-		-	
External auditor's remuneration for other services	5		2	
Operating lease rentals				
Land and buildings	2,299		1,942	
Other	190		180	
Stock recognised as an expense	286		321	

Analysis of total consolidated expenditure by activity and by nature

	Staff costs 2019 £'000	Defined benefit pension deficit movement 2019 £'000	Other operating expenses 2019 £'000	Depreciation 2019 £'000	Finance costs 2019 £'000	Total expenditure 2019 £'000	Total expenditure 2018 £'000
Academic and related expenditure	29,083	-	49,568	296	-	78,947	78,370
Premises	1,789	-	12,000	3,423	-	17,212	15,602
Residences, catering and conferences	1,487	-	26,597	1,571	2,383	32,038	32,310
Administration and central services	9,616	18,185	6,924	3	217	34,945	11,403
Research grants and contracts	1,549	-	955	-	3	2,507	2,113
Other expenses	11,472	-	9,192	236	-	20,900	20,381
Arrangements with HEE	10,062	-	17	-	-	10,079	12,184
	65,058	18,185	105,253	5,529	2,603	196,628	172,363

Notes to the Financial Statements

For the year ended 31 July 2019

11 Taxation

	2019 Consolidated £'000	2018 Consolidated £'000
Recognised in the Statement of Comprehensive Income		
Current tax		
Current UK and overseas tax	-	-
Foreign tax suffered in current year	1	6
Adjustment in respect of previous years	-	-
Research and development tax credits	-	-
Current tax expense	1	6
Deferred tax		
Origination and reversal of timing differences	-	-
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Deferred tax expense	-	-
Total tax expense	1	6

12 Intangible assets

	Course development £'000	Assets in the course of construction £'000	Website development £'000	Software £'000	Total £'000
University and Consolidated					
Opening balance at 1 August 2018	3,031	1,449	172	1,117	5,769
Additions in the year	-	2,690	-	-	2,690
Transfers	787	(3,137)	243	2,107	-
Disposals	-	-	-	-	-
Amortisation charge for the year	(869)	-	(87)	(521)	(1,477)
Closing balance at 31 July 2019	2,949	1,002	328	2,703	6,982

Amortisation is included with Other operating expenses in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements

For the year ended 31 July 2019

13 Tangible assets

	Freehold land £'000	Freehold buildings £'000	Leasehold land and buildings £'000	Assets in the course of construction £'000	Plant and equipment £'000	Heritage assets £'000	Total £'000
Consolidated							
Cost or valuation							
At 1 August 2018	165,333	360,049	26,278	4,251	10,273	12,961	579,145
Additions	-	-	59	13,451	118	239	13,867
Transfers	-	5,214	667	(6,231)	350	-	-
Disposals	-	-	-	(153)	-	-	(153)
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2019	165,333	365,263	27,004	11,318	10,741	13,200	592,859
Depreciation							
At 1 August 2018	-	(14,422)	(2,763)	-	(6,890)	-	(24,075)
Charge for the year	-	(4,229)	(522)	-	(778)	-	(5,529)
Disposals	-	-	-	-	-	-	-
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2019	-	(18,651)	(3,285)	-	(7,668)	-	(29,604)
Net book value							
At 31 July 2019	165,333	346,612	23,719	11,318	3,073	13,200	563,255
At 31 July 2018	165,333	345,627	23,515	4,251	3,383	12,961	555,070
University							
Cost and valuation							
At 1 August 2018	165,333	360,049	26,278	4,251	9,823	12,961	578,695
Additions	-	-	59	13,451	118	239	13,867
Transfers	-	5,214	667	(6,231)	350	-	-
Disposals	-	-	-	-	-	-	-
Reclassification of property	-	-	-	(153)	-	-	(153)
At 31 July 2019	165,333	365,263	27,004	11,318	10,291	13,200	592,409
Depreciation							
At 1 August 2018	-	(14,422)	(2,763)	-	(6,604)	-	(23,789)
Charge for the year	-	(4,229)	(522)	-	(691)	-	(5,442)
Disposals	-	-	-	-	-	-	-
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2019	-	(18,651)	(3,285)	-	(7,295)	-	(29,231)
Net book value							
At 31 July 2019	165,333	346,612	23,719	11,318	2,996	13,200	563,178
At 31 July 2018	165,333	345,627	23,515	4,251	3,219	12,961	554,906

Notes to the Financial Statements

For the year ended 31 July 2019

14 Heritage assets

The University has a large collection of heritage assets that are held and maintained principally for their contribution to knowledge and culture.

The University of London Artworks Collection includes historic paintings, prints, drawings, photographs, silverware, ceramics, textiles, sculptures and artefacts in various materials. Many items illustrate the history and development of the University of London and prominent individuals. This collection numbers over 400 pieces and is a mixture of acquired and donated artwork. Coram James valued this collection during the year ended 31 July 2016 as worth £2,416,300. The collection is normally on display at various locations on the University's premises, or in the case of some of the more delicate items, viewable by appointment. More details can be found at <http://www.senatehouselibrary.ac.uk/our-collections/special-collections/university-london-artworks-collection>

The University of London Senate House Library holds the highest proportion of special collections, manuscripts and archives of any UK university library. There are c.12 million items managed by the Historical Collections Department. The Collections are open to all Library members and available to view on request in the Special Collections Reading Room. The diverse nature of the assets held, the number of assets held and the lack of comparable market values, means the University considers that the costs of valuing each item in the special collection would be onerous and not commensurate with the benefits to users of the financial statements. More details can be found at <http://www.senatehouselibrary.ac.uk/our-collections/special-collections/>

For insurance purposes, 19 of the books and manuscripts considered by the Historical Collections Department to be the most culturally significant or rarest, were valued by Dominic Winter during the year ended 31 July 2016. The total value of this collection according to Dominic Winter's valuation is £10.545m.

No new heritage assets have been purchased or donated in the previous five accounting periods. During the year ended 31 July 2019, there was a transfer in the ownership of the CNAA Art Collection Trust to the University on 1 August 2018. The transfer included 30 works of art. These were valued by Coram James at the transfer date of 1 August 2018 at a total of £239,450.

Heritage assets are assessed annually to consider whether there are indicators of impairment in the years where no professional valuation has taken place. In the years, where a professional valuation has taken place, the new valuations are compared to the carrying amounts to identify any indications of impairment. It has been determined that there is no need for impairment.

15 Service concession arrangements

The University has two off-Balance Sheet arrangements one where service delivery has commenced and one where it had not commenced at the balance sheet date.

The Garden Halls (Cartwright Gardens)

On 4 July 2014 the University entered into a 52-year contract with a third party provider for the provision and maintenance of The Garden Halls, a halls of residence providing accommodation to 1,200 students.

The halls were brought into use in September 2016 and the contract will finish on 31 August 2066.

At the end of the concession period, the University will retain beneficial ownership of the halls of residence.

Under the arrangement, the University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

Eleanor Rosa House (formerly known as Duncan House)

On 20 December 2016 the University entered into a 53-year contract with a third-party provider for the provision and maintenance of Eleanor Rosa House Halls of Residence providing accommodation to 511 students.

The halls were expected to be brought into use in September 2019 and the contract will finish on 31 August 2069.

At the end of the concession period, the University will retain beneficial ownership of the halls of residence.

Under the arrangement, the University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

Notes to the Financial Statements

For the year ended 31 July 2019

16 Non-current investments

	Subsidiary companies £'000	Freehold investment properties £'000	Other non-current investments £'000	University investment in Unified Trust Fund £'000	Endowments investment in Unified Trust Fund £'000	Total £'000
Consolidated						
At 1 August 2018	-	82,715	7,420	12,017	87,893	190,045
Additions	-	-	370	-	-	370
Property reclassification	-	-	-	-	-	-
Transfers from cash	-	-	-	-	5	5
Revaluation	-	6,635	-	587	4,299	11,521
At 31 July 2019	-	89,350	7,790	12,604	92,197	201,941
Short-term deposits and cash	-	-	-	-	3,619	3,619
	-	89,350	7,790	12,604	95,816	205,560
University						
At 1 August 2018	543	82,715	7,420	12,017	87,893	190,588
Additions	-	-	370	-	-	370
Property reclassification	-	-	-	-	-	-
Transfers from cash	-	-	-	-	5	5
Revaluation	-	6,635	-	587	4,299	11,521
Subsidiaries' net assets movement	314	-	-	-	-	314
At 31 July 2019	857	89,350	7,790	12,604	92,197	202,798
Short-term deposits and cash	-	-	-	-	3,619	3,619
	857	89,350	7,790	12,604	95,816	206,417

The holdings in the Unified Trust Fund are held at market value.

Other non-current investments consist of :

	Consolidated and University £'000
UPP Cartwright Gardens (Holdings) Limited share capital and premium	211
UPP Cartwright Gardens (Holdings) Limited loan	4,904
UPP Duncan House (Holdings) Limited share capital and premium	157
UPP Duncan House (Holdings) Limited loan	2,518
	7,790

Notes to the Financial Statements

For the year ended 31 July 2019

16 Non-current investments continued

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 company number is 03214601. The company did not trade during the period and during the period an application to strike the company from the register was made. At 31 July 2018 Senate House Services Limited had net liabilities of £287,000 and accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, was decreased by this amount. No additional movement needed this year as everything was written off last year. The company was struck off on 22 October 2019.

CoSector Limited is a company registered in England and Wales and has an issued share capital of 6,000 £1 ordinary shares, with the University of London as its sole shareholder. The company number is 09589872. The principal activity of the company during the year was the provision of operational services to the University of London and third parties. At 31 July 2019 CoSector Limited had net assets of £1,627,000 and accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, was increased by this amount.

Senate House Services One Limited is a company registered in England and Wales and has an issued share capital of one £1 ordinary share, with the University of London as its sole shareholder. The company number is 10236705. The principal activity of the company was the provision of operational services to third parties. At 31 July 2019 Senate House Services One Limited had net assets of £nil, so there was no impact on the Balance Sheet of the University.

Senate House Worldwide Limited is a company registered in England and Wales and has an issued share capital of one £1 ordinary share, with the University of London as its sole shareholder. The company number is 10756718. The principal activity of the company is the provision of operational services to the University of London. At 31 July 2019 Senate House Worldwide Limited had net assets of £25,000 and accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, was increased by this amount.

Prosum Shared Services Limited is a company registered in England and Wales and has an issued share capital of one £1 ordinary share, with the University of London as its sole shareholder. The company number is 07960364. The company has not traded in the year.

Investment properties

The investment properties (all freehold) were valued at 31 July 2019 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.

Notes to the Financial Statements

For the year ended 31 July 2019

17 Stock

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	700	700	869	869
	700	700	869	869

18 Trade and other receivables

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	203	203	132	132
Other trade receivables	5,100	4,560	7,057	6,025
Other receivables	4,791	4,785	1,369	1,363
Prepayments and accrued income	7,781	7,109	11,637	11,303
Amounts due from subsidiary companies	-	4,159	-	3,325
	17,875	20,816	20,195	22,148

19 Creditors: amounts falling due within one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Trade payables	1,802	1,779	2,224	2,149
Social security and other taxation payable	911	877	2,160	2,104
Accruals and deferred income	30,050	28,712	29,607	28,888
Other payables	3,038	3,024	3,026	3,010
Unsecured loans repayable within one year	842	842	533	533
Amounts due to subsidiary companies	-	44	-	181
	36,643	35,278	37,550	36,865

Deferred income with performance related conditions

Included with accruals and deferred income are the following items of income which have been deferred until specific performance-related conditions have been met.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grant income	466	466	1,285	1,285
	466	466	1,285	1,285

Notes to the Financial Statements

For the year ended 31 July 2019

20 Creditors: amounts falling due after more than one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	64,282	64,282	65,644	65,644
Unsecured loans	49,197	49,197	49,836	49,836
	113,479	113,479	115,480	115,480
Analysis of unsecured loans:				
Due within one year or on demand (note 19)	842	842	533	533
Due between one and two years	858	858	740	740
Due between two and five years	2,052	2,052	2,190	2,190
Due in five years or more	46,287	46,287	46,906	46,906
Due after more than one year	49,197	49,197	49,836	49,836
Total unsecured loans	50,039	50,039	50,369	50,369

Included in loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
RBS	49,204	2047	5.10	University

Repayment of the RBS unsecured loan started in 2018.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Analysis of deferred income:				
Long term Halls deferred income to be released within one year	1,362	1,362	1,362	1,362
Other deferred income to be released within one year	9,275	8,491	11,050	10,541
Included within Accruals and Deferred income in note 19	10,637	9,853	12,412	11,903
Long term Halls deferred income to be released between one and two years	1,362	1,362	1,362	1,362
Long term Halls deferred income to be released between two and five years	4,086	4,086	4,086	4,086
Long term Halls deferred income to be released in five years or more	58,834	58,834	60,196	60,196
To be released after more than one year	64,282	64,282	65,644	65,644
Total deferred income	74,919	74,135	78,056	77,547

Halls deferred income is recognition of the cash premium received on entering into the head lease with UPP in regards to the service concession arrangement detailed in note 15.

Notes to the Financial Statements

For the year ended 31 July 2019

21 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on SAUL pension £'000	Total pensions provisions £'000	Other provisions £'000	Total provisions £'000
At 1 August 2018	11,533	-	11,533	823	12,356
Additions	18,438	-	18,438	1,401	19,839
Utilised	-	-	-	(159)	(159)
Released	-	-	-	(100)	(100)
At 31 July 2019	29,971	-	29,971	1,965	31,936

University	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on SAUL pension £'000	Total pensions provisions £'000	Other provisions £'000	Total provisions £'000
At 1 August 2018	11,533	-	11,533	823	12,356
Additions	18,438	-	18,438	1,401	19,839
Utilised	-	-	-	(159)	(159)
Released	-	-	-	(100)	(100)
At 31 July 2019	29,971	-	29,971	1,965	31,936

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. University management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision, which has increased from £11.5 million to £30 million. £18.4 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 8 in respect of significant one-off pension costs / gains. More details on the 2017 actuarial valuation are set out in note 22.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed, of which more detail is given in note 22. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £17.5 million, a decrease of £12.5 million from the current year end provision.

SAUL deficit

The obligation to fund the past deficit on the Superannuation Arrangements of the University of London (SAUL) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the SAUL scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the University.

Other provisions

Other provisions are provisions which have arisen in the year where potential liabilities have been identified but the timing of any associated payments is uncertain. Payments associated with these provisions are expected to be made during the year ending 31 July 2020. £742k relates to UK and overseas tax liabilities in regards to past transactions that the University is currently in the process of agreeing with the relevant tax authority, and £1,223k relates to legal claims against the University, which the University is in the process of appealing.

Notes to the Financial Statements

For the year ended 31 July 2019

22 Pension schemes

Different categories of staff were eligible to join one of three principal different schemes:

- Universities Superannuation Scheme (USS)
- Superannuation Arrangements of the University of London (SAUL)
- National Health Service Pension Scheme (NHSPS) (for certain HEE staff)

The two main schemes, being USS and SAUL, are both defined-benefit schemes contracted out of the State Second Pension (S2P), the assets of which are held in separate trustee-administered funds.

The charge to the Consolidated Statement of Comprehensive Income is analysed as follows:

	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
USS	7,494	7,018
SAUL	2,845	2,595
NHSPS	708	460
Other pension schemes	220	190
	11,267	10,263

(i) The Universities Superannuation Scheme

The total cost charged to the Consolidated Statement of Comprehensive Income is £7,494k (2018: £7,018k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2018 was completed after the year end in September 2019.

Since the University cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.4 billion, indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles, which can be found on the USS's website.

Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32%
	Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21
	Years 21 +: CPI + 1.7%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Notes to the Financial Statements

For the year ended 31 July 2019

22 Pension schemes continued

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

	2017 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

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

The funding position of the scheme has since been updated on an FRS 102 basis:

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

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

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019 (which can be found on the USS website). This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £11.5 million to £30 million as set out in note 21. £18.4 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 8 in respect of significant one-off pension costs / gains.

The 2018 actuarial valuation was finalised after the year end, which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £17.5 million, a decrease of £12.5 million from the current year end provision and a reduction in the deficit movement on the Statement of Comprehensive income of £6 million.

Notes to the Financial Statements

For the year ended 31 July 2019

22 Pension schemes continued

(ii) Superannuation Arrangements of the University of London

The Superannuation Arrangements of the University of London (SAUL) is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016). SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

The total cost charged to the Statement of Comprehensive Income is £2,845k (2018: £2,595k).

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the current value of benefits to which members are entitled based on pensionable service to the valuation date. The latest available full actuarial valuation of the scheme was at 31 March 2017. At the valuation date, the value of the assets of the scheme was £3,620 million and the value of the scheme's technical provisions was £3,516 million, indicating a surplus of £104 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

Most recent valuations of the Scheme available year ended

	2019	2018
Scheme assets	£3,620m	£3,205m
Total scheme liabilities	£3,516m	£3,149m
FRS 102 total scheme surplus / (deficit)	£104m	£56m
FRS 102 total funding level	103%	102%

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

Financial assumptions	31 March 2017		31 March 2014	
	Technical Provisions	Future Service Costs	Technical Provisions	Future Service Costs
Discount rate:				
Pre-retirement	4.06% pa	4.03% pa	5.96% pa	6.04% pa
Post-retirement (non-CDF)	1.96% pa	1.93% pa	3.86% pa	3.94% pa
Post-retirement (CDF pensioners)	2.22% pa	N/A	N/A	N/A
Price inflation (RPI)	3.39% pa	3.35% pa	3.57% pa	3.60% pa
Price inflation (CPI)	2.49% pa	2.45% pa	2.72% pa	2.75% pa
Salary increases	3.49% pa	3.49% pa	3.72% pa	3.72% pa
Pension increases in payment				
(Excess over GMP):				
Pre-2016 (CPI)	2.49% pa	N/A	2.72% pa	2.75% pa
Post-2016 (CPI max 2.5%)	1.77% pa	1.70% pa	N/A	N/A

Notes to the Financial Statements

For the year ended 31 July 2019

22 Pension schemes continued

Demographic Assumptions	31 March 2017	31 March 2014
Retirement:		
Active final salary Members	All at age 62	All at age 62
Other Members	Earliest age unreduced	Earliest age unreduced
Mortality – base table	S2PA year of birth tables	S2PA year of birth tables adjusted by
	weighted 100% for males and	+0.4 years for males and -0.4 years
	94% for females	for females females
Mortality – future improvements	CMI 2016 projections with a	CMI 2013 projections with a
	long-term improvement rate	long-term improvement rate
	of 1.75% p.a.	of 1.5% p.a.

The mortality assumptions used for the 31 March 2017 valuation result in the following life expectancies.

Life expectancy for a male aged 65 now	22.4 years
Life expectancy for a female aged 65 now	24.8 years
Life expectancy at 65 for a male aged 45 now	24.5 years
Life expectancy at 65 for a female aged 45 now	26.9 years

(iii) National Health Service Pension Scheme

The NHS Pension Scheme (NHSPS) 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 102 Section 28, 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. The University has no contractual obligation to fund any deficit of the NHSPS and therefore recognises no related liability. Due to the end of HEE arrangements on 1 August 2019, the University will make no contributions to this scheme going forward and will have no future obligations to fund an deficits.

Notes to the Financial Statements

For the year ended 31 July 2019

23 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2019 Total £'000	2018 Total £'000
Balances at 1 August 2018				
Capital	73,945	13,948	87,893	80,498
Accumulated income	2,078	749	2,827	3,096
	76,023	14,697	90,720	83,594
Donations	23	93	116	113
Project income	1	619	620	218
Investment income	2,247	424	2,671	2,650
Expenditure	(1,741)	(869)	(2,610)	(2,562)
Increase in market value of investments	3,618	681	4,299	6,707
Total endowment comprehensive income for the year	4,148	948	5,096	7,126
Restricted permanent capital being reclassified as expendable during the year	-	-	-	-
Restricted permanent accumulated income being reclassified as expendable during the year	-	-	-	-
At 31 July 2019	80,171	15,645	95,816	90,720
Transfers from accumulated income to capital in the year	83	(78)	5	688
Represented by:				
Capital	77,646	14,551	92,197	87,893
Accumulated income	2,525	1,094	3,619	2,827
	80,171	15,645	95,816	90,720

Notes to the Financial Statements

For the year ended 31 July 2019

23 Endowment reserves continued

Connected Institutions (for purposes of the Charities Act 2011)

	Note	Opening Fund Balance £'000	Income £'000	Capital Appreciation £'000	Expenditure £'000	Closing Fund Balance £'000
Individual Charities						
University of London Studentship Fund	a	8,008	237	381	(233)	8,393
University of London Research Fund	a	5,625	165	267	(135)	5,922
University of London Prize Fund	a	620	18	29	(12)	655
Convocation Trust	b	3,479	106	162	(115)	3,632
Chadburn Lectures	c	13,080	398	645	(190)	13,933
Teachers of Anatomy Trust	d	140	703	-	(393)	450
Maplethorpe	e	6,894	205	330	-	7,429
Perren	f	4,148	120	192	(135)	4,325
Frost Chair	g	3,325	98	158	(102)	3,479
Summarised Charities						
	No. of Trusts					
Research Support	80	36,209	1,067	1,704	(1,050)	37,930
Bursary/Scholarship	18	6,777	217	318	(181)	7,131
General central University support	14	260	8	9	(20)	257
Other prize funds	8	2,155	65	104	(44)	2,280
		90,720	3,407	4,299	(2,610)	95,816

Analysis by asset

	At 31 July 2019 £'000	At 31 July 2018 £'000
Current and non-current asset investments	92,197	87,893
Cash & cash assets	3,619	2,827
	95,816	90,720

Notes to the Financial Statements

For the year ended 31 July 2019

23 Endowment reserves continued

a University of London 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 Member Institutions of the University of London for three purposes; by awarding prizes, to undertake research, to provide studentships.

b Convocation Trust

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 Trust

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. Included within income is £177,000 worth of activity that relates to the year ended 31 July 2018. The other side of this transaction is included within accrued income.

e Maplethorpe

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

f Perren

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

g Frost Chair

This trust is to support an academic Chair in Ophthalmology.

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 University income and expenditure account. The designated reserves of the Warburg Institute are included within University reserves.

Notes to the Financial Statements

For the year ended 31 July 2019

24 Restricted reserves

Reserves with restrictions are as follows:

	Unspent capital grant £'000	Donations £'000	2019 Total £'000	2018 Total £'000
Balances at 1 August	-	209	209	293
New donations	83	776	859	460
Expenditure	(83)	(664)	(747)	(544)
Total restricted comprehensive income for the year	-	112	112	(84)
At 31 July	-	321	321	209

	2019 Total £'000	2018 Total £'000
Analysis of other restricted funds/donations by type of purpose:		
Scholarships and bursaries	-	-
Research support	28	77
General	293	132
	321	209

25 Cash and cash equivalents

	At 1 August 2018 £'000	Cash flows £'000	At 31 July 2019 £'000
Consolidated			
Cash and cash equivalents	44,941	(12,879)	32,062
	44,941	(12,879)	32,062

Analysis of changes in net funds

	At 1 August 2018 £'000	Cash flows £'000	At 31 July 2019 £'000
Consolidated			
Cash and cash equivalents	44,941	(12,879)	32,062
Endowment assets - short-term deposits and cash	2,827	792	3,619
Other investments - short-term deposits and cash	-	-	-
	47,768	(12,087)	35,681
Current asset investments	-	-	-
Debt due after one year	(49,836)	639	(49,197)
	(2,068)	(11,448)	(13,516)

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

Due to some of the consolidated cash and cash equivalents balance being held by subsidiaries, the University-only figures are lower than the consolidated figures, £3,304,000 lower at 1 August 2018, and £5,084,000 lower at 31 July 2019.

Included within cash and cash equivalents is a £500,000 deposit received from British Institute of International and Comparative Law in regards to a lease currently being negotiated. The corresponding transaction is included within other payables.

Notes to the Financial Statements

For the year ended 31 July 2019

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2019:

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for property projects	2,952	2,952	451	451
	2,952	2,952	451	451

27 Lease obligations

Total rentals payable and receivable under operating and finance leases:

	Year ended 31 July 2019			Year ended 31 July 2018	
	Land and Buildings finance lease £'000	Land and Buildings operating lease £'000	Other operating leases £'000	Total £'000	Total £'000
Payable during the year	1	2,299	190	2,490	2,123
Future minimum lease payments due:					
Not later than 1 year	1	609	189	799	2,250
Later than 1 year and not later than 5 years	3	58	156	217	303
Later than 5 years	14	-	-	14	15
Total lease payments due	18	667	345	1,030	2,568
Future minimum lease receipts due:					
Not later than 1 year	10	1,168	-	1,178	1,248
Later than 1 year and not later than 5 years	46	1,462	-	1,508	2,502
Later than 5 years	1,429	2,006	-	3,435	2,384
Total lease receipts due	1,485	4,636	-	6,121	6,134

28 Related parties

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 (pages 25–27) sets out in more detail the relationship between the University and its Member Institutions (formerly known as 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. In line with the Committee of University Chair 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. Five Trustees received a total of £3,185 (2017-18: 2 Trustees £3,946) representing the reimbursement of travel and subsistence expenses incurred in attending Board of Trustees and Committee meetings and events in their official capacity.

Notes to the Financial Statements

For the year ended 31 July 2019

29 Accounting estimates and judgements

Estimates

Estimates used to calculate pension deficit liability

The changes in salary costs and staff numbers have been assessed using the forecast impact of the University's strategic plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used is considered to be the equivalent of that of a high quality corporate bond.

Judgements

Treatment of pension schemes

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

USS deficit funding arrangements

There is uncertainty around future funding arrangements for the USS deficit, the valuation as at 31 March 2018 not being complete until after the year end. As the valuation and consultation was completed post year end, it remained appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation. Further disclosure of the 31 March 2018 valuation has been undertaken in note 22(i) and note 30.

Useful lives of fixed assets

Items of plant and equipment are assessed on purchase to establish their useful life. Considerations include past experience of similar assets, supplier warranties and projected replacement dates.

Refurbishment assets are assessed on completion to establish their useful life. Considerations include the time elapsed since the last refurbishment of that underlying asset, and its projected future refurbishment dates.

Freehold buildings were assessed to have a useful life of 100 years at 1 August 2014. This is based on the nature of the buildings, which are in conservation areas, and many of which are listed. It is also based on the age and condition of the buildings, many of which have existed for over 100 years, and most of which have existed for a significant period of time. The buildings are reassessed annually and the remaining useful life updated, if applicable.

Investment properties

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.

30 Post-Balance Sheet Event

As set out in note 21 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £12,463k in the provision for the Obligation to fund the deficit on the USS pension which would instead be £17,508k. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

During the year ended 31 July 2019, Health Education England (HEE) decided to transfer the services provided by staff employed by the University of London to HEE. Staff employed by the University to provide these services were transferred to direct employment by HEE from 1 August 2019. Income in relation to these services was £10m and related staff costs was also £10m in 2018-19. Total income and total expenditure will be correspondingly lower in 2019-20 although there will be no material impact on net surplus/deficit or net cashflow.

The University is continuing in its programme of in-sourcing services where this is strategically beneficial. In 2019-20, it will begin to insource the security staff and cleaners, following the insourcing of receptionists, porters, post room and AV staff in May 2019.

Annex to the Financial Statements

For the year ended 31 July 2019

Remuneration Committee Annual Statement

In preparing the financial statements, the University has had regard to the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code (the Code), published in June 2018. The University has confirmed its intent to comply with the Code going forward and indeed considers that it is already compliant in a majority of areas. The pay multiple of the Vice-Chancellor and the median earnings of staff is disclosed in note 8 to the financial statements. The University has had a Remuneration Committee (the Committee) prior to the publication of the Code. Below is a report on the current constitution and mode of operation of the Committee, and the Committee's latest report to the Board of Trustees.

Constitution

The Remuneration Committee, which shall be appointed by the Board of Trustees, shall comprise:

- At least three independent members of the Board of Trustees one of whom would act as the Chair.
- The Chair of the Board of Trustees.
- One Head of Member Institution on the Board of Trustees.
- The Committee may co-opt an additional external member with appropriate specialist expertise in the field of remuneration.
- The Committee is not chaired by the Chair of the Board of Trustees.

Mode of Operation

The Vice-Chancellor is not a member of the Committee, but may be invited to attend and participate in its meetings to advise the Committee as required on his or her direct reports. The Vice-Chancellor, the Secretary and any other officer or member attending shall not be present when their remuneration and terms and conditions of employment are being considered.

Report to the Board of Trustees

At its last meeting on 28 November 2018, the membership of the Remuneration Committee was as follows:

Constituency	Member
The Chair of the Board of Trustees	Sir Richard Dearlove
Independent member of the Board of Trustees and Committee Chair	Abdul Bhanji
Independent member of the Board of Trustees	Stella Beaumont
Independent member of the Board of Trustees	Andrew Ratcliffe
One Head of Member Institution on the Board of Trustees	Patrick Loughrey

The Director of Compliance and Secretary to the Board, Rosalind Frendo, was Secretary to the Committee, and Professor Peter Kopelman (Vice-Chancellor), Chris Cobb (Pro Vice-Chancellor (Operations)) and Simon Cain (Director of HR) were also in attendance; they were present at the meeting except for items in which they had an interest.

The Committee reviewed the salary, emoluments, allowances and other financial benefits payable by the University to the Vice-Chancellor; reviewed the emoluments paid to the Deputy Vice-Chancellor; reviewed the salary, emoluments, allowances and other financial benefits payable by the University to its most senior staff; received from the Vice-Chancellor a report on other staff employed by the University on Level 10 of the academic-related salary scale or its equivalent; received the report on the Gender Pay Gap and discussed actions to address the issues identified; and received a paper from the Director of HR on senior staff pay in the context of the Code.

At the meeting it was agreed that the Director of HR would take on the role of Secretary to the Committee.

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