



UNIVERSITY
OF LONDON

Financial Statements

2022–2023

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Foreword from the Chair of the Board of Trustees



As Chair of the Board of Trustees of the University of London I am pleased to present the Financial Statements for 2022–2023. The University has had a strong year.

The University Executive Group and our staff, both of which have shown great commitment and dedication, should take the credit for this. I am very proud indeed to be a part of their success and to share in their ability to improve the life prospects of our very diverse body of students both here in London and spread around the world.

There is an aggregation of challenges facing the Higher Education sector. The labour market remains tight in the aftermath of the pandemic. Continuing inflation and high interest rates make for a difficult planning environment; and the reverberations of the war in Ukraine and other international instability complicate aspects of the University's international activities.

However, we are managing our way through these problems successfully; and there are several excellent opportunities to be exploited. We have an exciting estates strategy, which will shape the future of the Bloomsbury campus in the years ahead. The Next Chapter heralds the transformation of Senate House

Library. We also continue to improve the offer we have for federation students here in London. Our Worldwide students continue to benefit from the developments in our online programmes; and we are pursuing opportunities in the Middle East.

I will stand down as Chair of the Board of Trustees in 2024, concluding my decade-long association with the University of London. It has been a period of huge change in the educational sector and beyond, but we have nonetheless strengthened the mission, identity and purpose of the federal university, while refining and improving its management structures.

As these Financial Statements show, our overall financial position is strong. I anticipate leaving it in robust health. I am confident that the University of London will continue to shape lives for the better and with distinction for decades to come.

I will certainly be stepping down with a sense of pride at what the University has achieved and confident in its future as a leading global institution of higher education.

Sir Richard Dearlove
Chair of the Board of Trustees



Introduction from the Vice-Chancellor



The past year marks the midpoint of our five-year strategy. It is a timely moment to reflect on the progress we have made so far and to set our sights on the outcomes we will endeavour to achieve in the next few years.

The University has always been ready to explore new ways of thinking, new models for education and new ways to share our knowledge with the world around us. Our strategy outlines a bold vision for this: a truly global university that offers local access to education, promotes world-class humanities research and public engagement and contributes to our community through civic and university partnerships. It is a strategy made possible by good leadership and sound financial management.

We have made great steps forward in furthering our position as the UK's leading provider of distance learning. We are creating opportunities in new regions and expanding in existing ones, ensuring more people can benefit from the transformative power of a London education without leaving their home country. Student numbers increased significantly during Covid, and this year have improved on the pre-Covid period.

Maximising impact for students

The transformation programmes across Worldwide will improve outcomes for students, modernise our portfolio and update our services to both students and our partners. Internationally, we are developing partnerships with African

universities as well as institutions in the Middle East. These initiatives are vital as we navigate the global landscape of higher education.

The School of Advanced Study remains at the forefront of research and innovation in the humanities, leading the way on seminal projects, such as Mapping the Humanities, and the repositioning of the Institute for Commonwealth Studies. The Next Chapter for Senate House Library is well underway, with plans to accommodate federation members' special collections and extend access through digitisation. Our Institute in Paris (ULIP) is exploring research and engagement opportunities, working now as part of the School.

Collaboration is the hallmark of our unique federation and it is how we will secure our future and deliver our strategic priorities. The University is committed to deepening its contribution to London, the city that is its home. We have been actively developing partnerships within the wider London community to help strengthen our relationships and increase our public contribution.

We are a founding member of the London Anchor Institutions Network, and through the London Research and Policy Partnership, launched in collaboration with the Mayor of London, we are bringing the power of London's research capacity to the service of London's policy challenges.

Meeting challenges head on

But as Sir Richard acknowledges in his Forward, the landscape on which we are pursuing our strategy has been challenging. In the first few years we had to contend with Covid. The war in Ukraine and inflationary pressures have become a major factor on this year's operating costs. We have felt it necessary to mediate the cost-of-living hardships experienced by staff and students. Regulation continues to grow with additional requirements placed on universities. Targets for student outcomes have been set for continuation, completion and progression (as measured by professional or managerial jobs or continuing study). A new set of conditions is being introduced that focuses on racial and sexual harassment, as well as freedom of speech. These financial and regulatory pressures make it ever more important for us to transform our operations, making better use of technology and streamlining processes.

The Bloomsbury destination

It is also important for us to ensure that our estate keeps pace with changing demands, and to this end we have adopted an ambitious strategy to make our Bloomsbury precinct attractive and accessible to students and the community. The Senate House Steps were an early signal of our intent, with major changes to come in Senate and Stewart House. The coming months will see an extensive upgrade of our student accommodation in Bonham Carter and Warwickshire House and College Halls as well as the refurbishment of some of our Georgian terraces.

As we reflect on our journey over the past few years, I am grateful to the leadership provided by our outstanding Board of Trustees, the University Executive Group and the hard

work of our staff. At our best we embrace innovation while fostering closer ties within our federation and extending our global reach. This report demonstrates that we are in a strong position to advance our strategic priorities and positively impact on the future of higher education across the world.

We take great pride in our legacy. But we're even more excited about the future.

**Professor Wendy Thomson CBE,
Vice-Chancellor, University of London**

The University in Numbers

Key statistics for 2022–2023

Over
40,000
Students (Worldwide, SAS
& UoL Paris)



150
Years of Senate
House Library



Over
140,000
Assessments
completed



More than
100
Recognised Teaching
Centres across the world



Students from
190
Countries

More than
3,580
Student rooms
available



70
Years of the Institute
of Classical Studies



More than
100
Years of the Institute of
Historical Research



42
years of HRH
Princess Anne as Chancellor



The University Executive and the Chancellor



Chancellor
HRH, The Princess Royal



Vice-Chancellor
Professor Wendy Thomson CBE



Deputy Vice-Chancellor
Professor David Latchman CBE
(from 1 August 2023)



**Pro Vice-Chancellor
(Finance and Operations)**
Rita Akushie



**Pro Vice-Chancellor
(Research and Public
Engagement)**
Professor Jo Fox



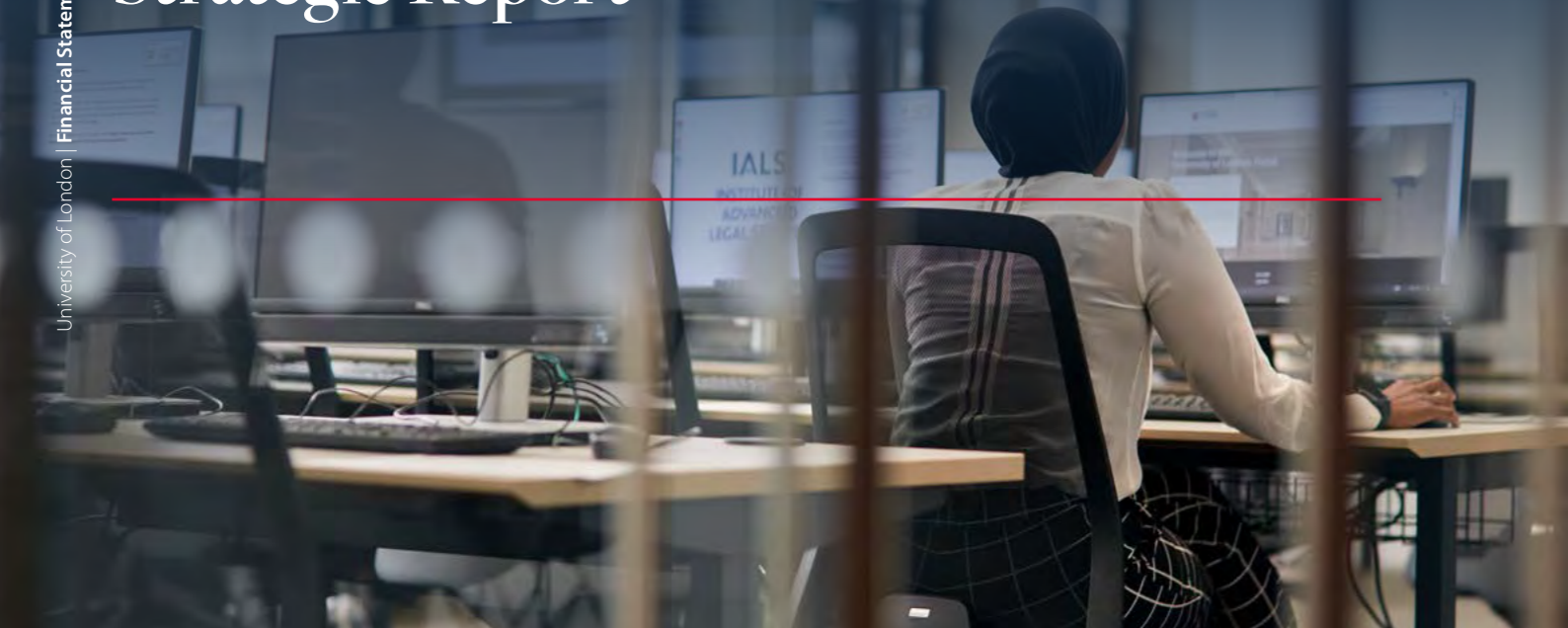
**Pro Vice-Chancellor
(Partnerships and
Governance)**
Alistair Jarvis CBE



**Pro Vice-Chancellor
(International, Learning
and Teaching)**
Professor Mary Stiasny OBE

Professor Paul Layzell was Deputy Vice-Chancellor until July 2023.

Strategic Report



	Year ended 31 July 2023	Year ended 31 July 2022	Year ended 31 July 2021	Year ended 31 July 2020	Year ended 31 July 2019	Year ended 31 July 2018
	Consolidated £'000	Consolidated £'000	Consolidated £'000	Consolidated £'000	Consolidated £'000	Consolidated £'000
Total income	196,019	182,657	167,295	155,413	175,154	174,699
Staff costs excluding USS deficit provision	(65,254)	(55,727)	(63,520)	(60,743)	(65,058)	(62,784)
Other expenditure excluding depreciation and amortisation	(124,042)	(113,768)	(106,529)	(105,615)	(106,379)	(105,184)
Underlying surplus/(deficit)	6,723	13,162	(2,754)	(10,945)	3,717	6,731
USS (deficit)/surplus provision movement	14,139	(29,701)	5,253	11,418	(18,185)	1,821
Depreciation and amortisation	(9,367)	(8,756)	(8,902)	(8,001)	(7,006)	(6,216)
Gain on disposal of fixed assets	57,017	–	8,969	5,701	–	–
Gain/(loss) on investments	(10,188)	21,230	6,874	44,265	11,521	5,573
Taxation	(1)	–	1	(1)	(1)	(6)
Surplus/(Deficit) after other gains, losses and taxation	58,323	(4,065)	9,441	42,437	(9,954)	7,903

Financial Review for the Year Ended 31 July 2023

The Financial Statements comprise the consolidated results of the University and its trading subsidiaries. These subsidiaries exist to operate commercial activities that are outside the University's main operations, and any profits generated by them are donated to the University annually.

Although some areas of operation continued their strong post-Covid recovery – notably summer lettings and B&B offering – we have seen signs of the impact of the global cost of living crisis in the Worldwide distance learning markets. We have been impacted by the Russia sanctions and by global inflationary pressures combined with foreign exchange movements which have reduced affordability for some students. Despite these pressures student numbers are only marginally down on last year.

2022–2023 has seen the highest inflationary environment for over a decade and although the University benefited from some fixed price contracts and our diverse business model, which encompasses a large property portfolio, the need for financial management and effective procurement practices are more important than ever. The University's results are affected significantly by movements in the provision on the Universities Superannuation Scheme (USS) which reduce staff costs by £14.1 million in 2022–2023. Excluding this adjustment, our underlying performance before tax, depreciation and amortisation shows a surplus of £6.7 million, whereas we recorded a surplus of £13.2 million in 2021–2022 (see table on page 8). The main contributing factors to the lower surplus are increased costs associated with increased activity as we set the foundations for growth, including headcount increases, and inflation, particularly wage inflation.

The movement in USS pension provision last year was in recognition of the revised deficit recovery plan following the scheme's March 2020 valuation. Following the turbulent

financial events of 2022–2023, the USS benefited from gilt yields and is showing an improved position, resulting in a credit to the Comprehensive Statement of Consolidated Income of £14.1 million. The factors which influence the scheme's performance are not within the University's control. This provision is not a cash movement and does not affect the University's banking covenants.

In addition to the impact of inflationary pressures, investment values of both freehold assets held at fair market value and endowment investments have fallen by £10.2 million. Offsetting these variances, the University generated a surplus of £57.0 million from the sale of the Lillian Penson Student Hall of Residence, giving rise to net surplus of £58.3 million.

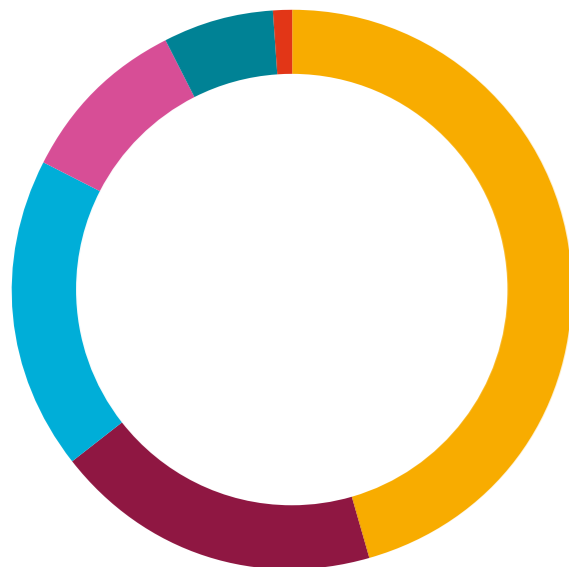


Total income for the year increased to
£196.0 million
 in 2022–2023 from
£182.7 million
 in 2021–2022



How the University earns its income

- Tuition fees and education contracts **43.7%**
- Property income **26.8%**
- Other income **16.1%**
- Investment income **6.2%**
- Funding body grants **5.3%**
- Research grants and contracts **1%**
- Donations and endowments **0.9%**



How the University spends its income

- Academic and related expenditure **45.7%**
- Residences, catering and conferences **18.9%**
- Administration and central services **18.1%**
- Premises **10.0%**
- Other expenses **6.4%**
- Research grants and contracts **0.9%**



Funding body grants increased by 15% and research grants and contracts increased by 14%. Together our grant income from all sources was £12.3m in 2022–2023, up from £10.7m in 2021–2022.

Income

Total income for the year increased to £196.0 million in 2022–2023 from £182.7 million in 2021–2022. Tuition fees and income from education contracts remain the University's largest source of income and saw a 1% decrease in the year from £86.7 million in 2021–2022 to £85.7 million in 2022–2023. Due to the very flexible offering for distance learning offered to our students in terms of speed of progression through the required modules, we measure student numbers by recording whether they made a financial transaction with us during the year. These 'financially active' students count towards our overall student numbers. Our transnational education programmes attracted 40,692 students in 2022–2023, a small decrease on the prior year number of 41,084. We did note that on average fewer exams and fewer modules were chosen during 2022–2023 in some markets resulting in lower income compared to target.

Our second largest income source is our estate and property services where income grew by 6% from £49.6 million in 2021–2022 to £52.6 million in 2022–2023. Our halls of residence provide 3,591 bedspaces across eight centrally located buildings and continued to prove extremely popular with students, with term time lettings to students exceeding target and bookings for the summer lettings and B&B businesses also above target. In addition, we have expanded our conferencing and events business.

Funding body grants increased by 15% and research grants and contracts increased by 14%. Together our grant income from all sources was £12.3 million in 2022–2023, up from £10.7 million in 2021–2022. These figures include our core grant from Research England of £9.1 million. Each of our 17 federation members pays a subscription to the University for the provision of a wide range of services, and this figure reduced by £2.1 million year on year to £12.3 million due to changes in the way our Careers Service is provided to some federation members.

Other income, which includes income generated from services provided to education establishments other than the federation members of the University has increased, by 15% to £31.5 million in 2022–2023 from £27.3 million in 2021–2022. The largest contributory factor is growth in sales of our learning platform technology and associated services. Investment income largely relates to the income arising on the trusts and endowments administered by the University on behalf of the donors and beneficiaries; income increased significantly to £12.1 million in 2022–2023 from £7.0 million in 2021–2022, due to the increase in the distribution level agreed by the Unified Trust Fund (UTF) reflecting the resurgence in the markets in the aftermath of the Covid pandemic. Donation income totalled £1.8 million, a £0.4 million increase on the donations received in the previous year, mainly driven by donations in relation to the Warburg Renaissance Project, the Refugee Law Clinic and from the Marie-Louise von Motesiczky Charitable Trust Fund.



Total expenditure disclosed in the Consolidated Statement of Comprehensive Income decreased by **£23.5 million** in 2022–2023

Expenditure

Total expenditure disclosed in the Consolidated Statement of Comprehensive Income decreased by £23.5 million from £208.0 million in 2021–2022 to £184.5 million in 2022–2023. However, both years include large adjustments associated with the USS pension provision – in 2022–2023 a £14.1 million credit and in 2021–2022 a £29.7 million charge. Excluding the impact of the adjustments, expenditure year on year increased £20.4 million from £178.3 million in 2021–2022 to £198.7 million in 2022–2023. Staff costs rose £9.6 million from £55.7 million in 2021–2022 to £65.3 million in 2022–2023. This increase is explained by the annual pay award in 2022–2023 and a net increase of 46 full-time equivalent staff (FTE) which represents a 4% increase in our workforce year on year. Following the pandemic, we have been reviewing our operating model and are working through a series of structural changes and transformation programmes. As we return to pre-pandemic levels of activity and lay the foundations for future growth, new operating models are agreed and additional headcount is added where necessary. Inflation rose steeply during 2022–2023 and we took the decision to award cost of living payments to all staff below Director level to mitigate financial pressures, totalling around £1.3 million.

Movement in the USS deficit provision recognised in these Financial Statements has reduced total staff costs by £14.1 million disclosed as £51.1 million for 2022–2023 net of this adjustment. The cost of delivering our transnational education programmes was £90.8 million, an increase of 4% on 2021–2022, due to rising costs as student numbers have remained largely in line with the previous year. Other large areas of spend were premises and residences costs together with catering and conference costs which have increased by £3.9 million to £37.5 million as activity returns to pre-pandemic levels and growth plans are implemented. Administration and central services rose £9.0 million to £36.0 million in 2022–2023, largely due to increasing technology and people costs. Depreciation costs increased slightly by £0.8 million to £6.9 million.

Capital Investment

The University's estate is largely contained within the Bloomsbury area of London and comprises around 150 buildings, being a mix of student halls of residence, private lettings, libraries, gardens and commercial properties as well as our office buildings. Much of the estate is of historic significance which increases maintenance and upkeep costs, and continued investment is necessary to meet our obligations to these landmark buildings and increase their energy efficiency. Total capital expenditure in 2022–2023 was £13.7 million.

Of that investment, £6.2 million was spent on the Warburg Renaissance Project which comprises a complete renovation of the existing building originally designed by Charles Holden, and the creation of a new two-storey structure in the courtyard with an expanded lecture theatre and new storage and study space for the Warburg Archives and Special Collections. The total investment by the University of London in this multi-year project will be £9.5 million and generous additional donations of £5 million have been pledged. In addition, £1.5 million was spent on upgrading The Slade School of Art which is based on the top floor of the Warburg Institute, jointly funded by the University of London and UCL.

Works continued on the master plan for the Senate and Stewart House upgrade costing £2.9 million in 2022–2023, and fire safety works were completed at our halls of residence costing £2.1 million. The University regained the lease at Bonham Carter and Warwickshire House after the 100-year lease to a registered social landlord ended during 2022–2023. This centrally located building of around 360 rooms will be returned to student lettings for 2023–2024 with upgrade works being completed over the summer of 2023; £0.7 million was spent during 2022–2023 with a further £2.0 million investment falling into the next financial year



Our property holdings performed to expectations. The performance of the combined fund holdings during 2022–2023 was 0.6% compared to the benchmark target of 0.0%.

Non current assets

Fixed assets increased during the year by £103.4 million to £623.1 million. However, the most significant transaction was the sale of Lillian Penson Hall which increased our surplus for the year by £57.0 million. A £117.5 million investment property, namely Bonham Carter and Warwickshire House, was reclassified in the year to fixed assets; this was due to a change of use to student accommodation from the previous lease arrangement with a social housing provider. The University investment properties have been subject to a professional valuation as at 31 July 2023 undertaken by Knight Frank, Chartered Surveyors. The valuation exercise resulted in the carrying value of the remaining investment properties of £51.2 million.

Endowment asset investments

The value of the University's endowment investment in the Unified Trust Fund decreased in the year by £7.1 million from £121.4m to £114.3 million, primarily due to the higher dividend paid to beneficiaries and some underperformance in our equity holdings. The fund performed slightly ahead of benchmark on a net of fees basis over the year. The University is responsible for administering around 120 endowment and trust funds and ensuring that beneficiaries receive the funds due to them. These funds are invested in the Unified Trust Fund (UTF) which is overseen by the Investment Committee. The fund investment strategy is set by the Committee and provides for a balance between income and capital growth with a medium level of risk over the longer term. The primary objective is to achieve a total return, including dividends, interest, rent or other income and capital appreciation, of Consumer Price Index +4% per annum, gross of fees, over a rolling five-year period. The investment strategy splits the fund into three distinct portfolios: Equities 80%, Absolute Return Multi Asset Fund 9% and Property Fund 11%. Our property

holdings performed to expectations. The performance of the combined fund holdings during 2022–2023 was 0.6% compared to the benchmark target of 0.0%, and the returns since inception were slightly ahead of benchmark at 8.6% (benchmark 8.5%). The benchmarks for the fund reflect the asset holdings and the associated market conditions.

Treasury management

The University's surplus cash is invested with a number of approved counterparties in accordance with the University's treasury policy counterparty limit and credit ratings. The University has no free-standing swaps or derivatives. All borrowings are in sterling and not exposed to currency risk.

The treasury policy requires the University to maintain sufficient liquidity to cover 18 months' forecast net cash requirements. At the year-end liquidity was sufficient to cover forecast net cash requirements for more than 18 months. The University will continue to monitor the impact of high inflation, increased interest rates and pressures on our cost base to ensure it has sufficient liquidity to meet the policy requirement.

Long-term loans

The Board of Trustees approves the treasury policy and key targets for treasury management. The University's policy is to have between 75% and 100% of its borrowings at fixed rates of interest. At the year end, 100% of the University's borrowings were at a fixed rate (2022: 89%). The fixed interest rate at the year-end was 5.095% and relates to the embedded interest rate swap on NatWest long-term debt. The University's facility agreements require compliance with a number of financial covenants. On 31 July 2023 all covenants were met.



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The Board assesses its risk appetite in relation to each of the challenges faced and ensures that mitigating actions are put in place to manage risks to acceptable levels.
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Pensions

The provision for the University's share of the USS pension deficit decreased from £43.8 million to £31.1 million due to the change in the deficit contributions contractual commitment under the USS's March 2020 valuation in the year.

Reserves

As at 31 July 2023, the University's net assets had increased by £58.3 million to £750.5 million mainly due to the gain on the disposal of Lillian Penson Hall during the year which generated net cash proceeds of £77.8 million and reduced fixed assets by £20.8 million. Other notable movements include the £12.7 million reduction in the pension provision and the reduction of creditors due within one year of £4.3 million relating to the repayment of £6.0 million of unsecured debt with Lloyds during the year. This debt was drawn from the £50 million revolving credit facility that was put in place during 2021–2022.

Cash flow and liquidity

As mentioned above, the University sold Lillian Penson Hall, a student residence, during 2022–2023 generating £77.8 million net cash proceeds. This sale contributed to a strong cash position throughout 2022–2023, and, following a net increase of £67.0 million during the year, we ended the year with £107.0 million cash and cash equivalents held mainly in money market funds and fixed term deposit accounts. The Lillian Penson proceeds will be invested in various near term strategic projects to refurbish, enhance and grow the University's asset base, which is required for long-term financial sustainability. Aside from this sale, the University generated a net cash surplus from operating activities of £3.7 million during 2022–2023, compared to the previous year's net cash deficit of £2.1 million. Liquidity is further supported by the £50 million five-year revolving credit facility put in place with Lloyds in March 2022 as part of a refinancing of other loans; there were no drawings from this facility as at 31 July 2023. This balance of cash and cash equivalents at 31 July 2023 represents 208.9 days of expenditure.



We offer practical wellbeing support to staff and students as much as possible if they are affected and provide a hardship fund for economically disadvantaged students.

Strategic risks and uncertainties

The Board of Trustees is responsible for managing the risks faced by the University as we implement our five-year strategy to further our position as the UK's leading provider of distance learning worldwide, stimulate innovative intellectual exchange and effective public engagement and develop our organisational capacity to transform lives through education. Effective risk management helps us achieve these strategic objectives while protecting our stakeholders, reputation and sustainability.

The University maintains a Strategic Risk Register which is formally assessed by all risk owners on a quarterly basis, and is then reviewed by the Executive Group, Audit and Risk Assurance Committee and the Board of Trustees. The Board assesses its risk appetite in relation to each of the challenges faced and ensures that mitigating actions are put in place to manage risks to acceptable levels.

Each strategic risk is graded with a risk tolerance and once that is defined, the Executive Group evaluates what action needs to be taken to address the risk. Operational risks are reviewed and managed within operational teams.

During 2022–2023, there were two risk areas that remained outside of risk appetite. First, the risk of falling victim to cyber-crime remains high with the Higher Education sector continuing to be a target for ransomware and other attacks by cyber criminals. The University has adopted the specific guidance on risk mitigation issued by the UK's security agencies and remains vigilant in regard to all aspects of cyber risk and now benefits from a 24/7 incident response service.

Secondly, student experience and wellbeing has been outside risk appetite during 2022–2023. The popularity and flexibility of our transnational distance learning programmes have led to a significant increase in student numbers over the last five years, with an additional boost provided by the pandemic which saw record numbers of enquiries and registrations within a short space of time as people around the globe found themselves with time and funds to study. Internal capacity

was put under strain and the technology and operating model changes required to cope take time to implement.

We also recognise that the current global economic volatility and consequential cost of living crisis, the war in Ukraine, civil unrest and climate change effects in parts of the world will have a negative impact on the wellbeing and mental health of some of our staff and students.

We offer practical wellbeing support to staff and students as much as possible if they are affected and provide a hardship fund for economically disadvantaged students. Industrial action threatened learning and examinations during 2022–2023 which we mitigated by rearranging classes so our students have been largely unaffected. We anticipate student wellbeing and experience to remain outside risk appetite until our transformation programmes conclude during 2023–2024.

We have a number of areas of uncertainty that are within risk appetite. Of these only one is graded as averse tolerance, this being regulatory compliance. The Office for Students (OfS) consultation on regulating student outcomes has set out the OfS's view of minimum baseline metrics for continuation, completion and progression to a professional level job or further study.

A number of the University's current programmes fall below the baseline indicated by the OfS in the consultation, in part due to the degree of flexibility around the pace of study that the University offers its distance learning students. We have set up a Student Outcomes Working Group and Education Roadmap Transformation project which will consider proposals for raising student outcomes on distance learning programmes.

Going concern

The University Executive Group, Audit and Risk Assurance Committee and Board of Trustees have considered the going concern status of the University and are confident it is and will continue to be a going concern for the foreseeable future (defined as a period of at least 12 months from the approval date of these accounts).

These accounts have therefore been prepared on a going concern basis.

In coming to this conclusion, the University Executive Group and Board have taken the following actions:

- Prepared detailed income and expenditure and cash flow budgets and forecasts for the 2023/24 financial year, with due regard to the sensitivity of income to student numbers.
- Prepared prudent income and expenditure, cash flow and balance sheet forecasts for a period of 10 years.
- Calculated and reviewed debt covenants on both an actual and forecast basis 10 years from the balance sheet date, to ensure it will not breach them based upon the University's financial strategy and plan.
- Reverse stress tested the University in a number of scenarios to see under what circumstances it would face an existential risk, such that would lead to a breach of debt covenants and devised a mitigation plan for these circumstances.
- Had all budgets and forecasts scrutinised by the University's Finance Committee which has expert independent members.
- Considered the solvency and liquidity position of the University and the availability to it of debt finance as required.
- Considered the severe but plausible downsides the University may be faced with in the foreseeable future.

We recognise that income growth is necessary to absorb the exceptionally high inflation levels experienced during 2022–2023 and preparing for that growth forms the basis

of our future plans. Our income growth plans will also support the future financial sustainability of the University for the long term. The University's strong and improving financial position puts us in the best possible place to mitigate external shocks.

Plausible downside scenario

The assumptions we included in our plausible downside scenario are set out below and, when combined in the base case, did not cause concern in the medium term given the University's significant cash balance following the sale of Lillian Penson Hall in 2022–2023.

- Worldwide student numbers miss the target by a similar amount to prior year, reducing income by £2.4m
- Halls of Residence occupancy down 9%
- Cost inflation at 7% in 2023–2024 and 2024–2025 compared to 2.5% in our base plan.

The University will nonetheless take necessary mitigating actions to ensure that the impact of any downside scenario is properly managed, and its impact does not threaten the University's business model or performance.

After reviewing the base case forecast, the plausible downside scenario and the mitigations available to the University in response to that scenario, the Board of Trustees is of the opinion that the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the 12-month period from the date of approval of the Financial Statements, and have adequate resources to continue in existence for the foreseeable future (the going concern assessment period).

The outlook for the University is positive. The University's strategy is focused, clear and purposeful and is well-positioned in the competitive world of increased digitisation and online education. The University is underpinned by a strong balance sheet, ample liquidity and diverse income streams, providing resilience despite global uncertainties.

Fundraising Regulation

As part of our commitment to the Charities (Protection and Social Investment) Act 2016, the statement below outlines how the University undertakes its fundraising activities. This includes ensuring our community has clarity on a number of issues outlined in the Act.

What is the approach taken by the University for the purpose of fundraising, and in particular whether a professional fundraiser or commercial participator carried out any of those activities?

The University of London directly employs a team of fundraising professionals to engage with, and seek donations from: trusts and foundations, corporations, alumni and other individuals who have an interest in the work of the University. In 2022–2023 these fundraising campaigns were carried out to advance and support the University's mission and included digital appeals as well as face-to-face and individual fundraising.

Was the University or any person acting on its behalf subject to an undertaking to be bound by any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising, in respect of activities on behalf of the University, and, if so, what scheme or standard?

The University of London is governed by the Fundraising Code of Practice and subscribes to the Fundraising Regulator. The University regularly reviews its practices against the Code of Fundraising Practice to ensure continued robust compliance with the Code and is subscribed to the Fundraising Preference Service. The University is also an active member of the Council for the Advancement and Support of Education (CASE) and it maintains involvement with the Chartered Institute of Fundraising (CloF) to help ensure best practice on an ongoing basis.

Was there any failure to comply with a scheme or standard in the Act?

The University has not identified, nor been notified of, any failures to comply with the Code of Fundraising Practice, or of any other best practice as noted by CASE, the CloF or the Direct Marketing Association for the purposes of fundraising or engagement.

Did the University monitor activities carried on by any person on its behalf for the purpose of fundraising and, if so, how did it do so?

The University has developed guidelines for volunteer fundraisers, in the event that it engages with volunteer fundraisers in future.

What is the number of complaints received by the University or a person acting on its behalf about activities carried out for the purpose of fundraising?

The University has a procedure to monitor and address any complaints about fundraising, which is available on our website: london.ac.uk/support-us/donor-charter/development-office-complaints-procedure. In 2022–2023, no complaints about fundraising were raised through this process.

What does the University do to protect vulnerable people and other members of the public in the course of, or in connection with, such activities?

The University takes seriously its commitment to ensuring the safety and wellbeing of our staff, constituents and donors. If any member of staff has reason for concern about the potential vulnerability of any constituent or prospective donor, they will not progress cultivation of that individual until a further assessment can be made. It would never put pressure on any constituent to make a donation. It might suggest alternatives, where appropriate, including, for example, participating in one of our free events or volunteering time to support the University. The University adheres to the CASE Zero Tolerance Pledge.

Sustainability

Energy and carbon

The University continues to be ahead of its emissions targets compared to the 2010 baseline. Utilities usage has decreased – full details will be set out in our Higher Education Statistics Agency (HESA) reporting and in the annual sustainability report.

The University is working on a collaborative project with UCL and SOAS to upgrade the Bloomsbury Heat and Power district heating network, which will see significant reductions in operational emissions when completed.

As part of London's transition to net zero efforts, the University has been working with the Greater London Authority as an anchor institution to help decarbonise the estate and educate staff in carbon literacy. 2022–2023 sees us reporting on:

- decarbonising our estates
- decarbonising our deliveries
- training our staff.

Sustainable Development Goals (SDGs)

The role of higher education in helping to achieve the UN's Sustainable Development Goals (SDGs) has never been more to the fore. The interconnectedness arising from increased globalisation means that challenges such as access to education, health and wellbeing, climate change, conflict and forced migration can only be addressed through global collaboration; and higher education is integral to this.

The University has long recognised this. Important contributions to most SDGs manifest not only from the achievements of our graduates, but flow from our global networks of connection and collaboration, our historic mission and purpose, our uniquely interdisciplinary offer, and our unparalleled worldwide profile and reach. Our overarching commitment is to SDG4: Quality Education, through which the University also brings a particular focus on the SDGs for health and wellbeing; gender equality; decent work and economic growth; reduced inequalities; sustainable cities and communities; and peace, justice and institutions.

ISO14001

The University's Environmental Management System achieved reaccreditation for ISO 14001. This certifies that the institution operates with the highest environmental standards and continually improves its environmental management.

Waste

We have seen marginally reduced recycling rates during 2022–2023 and have identified a need to provide better signage, improve data management systems and run more campaigns to increase recycling. We are working closely across a number of teams, including Procurement, Facilities Management and Residential Services and putting new plans and initiatives in place to improve recycling rates in 2023–2024.

Engagement

This year we continued to run 'Reduce the Juice: Connect'. Our webinars covered new topics such as climate and gender, sustainable cities and climate anxiety. To facilitate and deliver the climate anxiety webinar we collaborated with federation member LSE and Imagination Therapy.

We also continued to work with federation member UCL to offer clothes swaps for UCL students and staff, allowing pre-loved clothes to find a new home. Across seven clothes swaps, we engaged with 1,296 students and staff members and 1,748 items of clothing were swapped.

Biodiversity

The University participated in The Queen's Green Canopy Project by planting 18 dwarf plum trees, one for each member of the federation and one for the University, across our Bloomsbury estate. We utilise the Wild Bloomsbury strategy and work with our grounds contractor and beekeeper to plant pollinator-friendly plants.

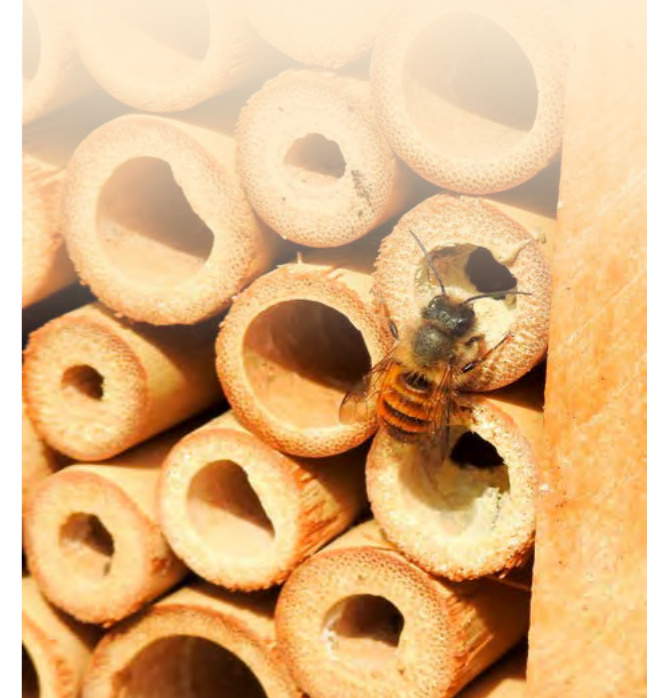
The roof of the Institute of Advanced Legal Studies (IALS) continues to be a home for our two honeybee hives. Our beekeeper ran 'Meet the bees' events for our staff, where they were introduced to beekeeping and the importance of pollinators and their ecosystem.

New bug hotels in Bloomsbury

As part of our commitment to sustainability, we encourage local use and recycling of materials wherever possible. Quinn London, the main contractor for the Warburg Renaissance project, used reclaimed plywood salvaged from the Warburg Institute's scrap flooring to build bug hotels with a local school, Copenhagen Primary.

Year 3 and 4 pupils were offered immersive bug hotel workshops, which took place in Woburn Square Garden next to the Warburg Institute. Quinn's carpenters transformed this wood into eleven hotels, with nine going to the school and two set up in Quinn's compound adjoining Woburn Square. The bug hotels are filled with a combination of bamboo, cardboard, pinecones, twigs, scrap wood and leaves, and play a crucial role in pollinating the surrounding plants.

Copenhagen Primary has been working on integrating the promotion of biodiversity and its significance in urban environments into its curriculum. Quinn London collaborated with ecologists to aid in teaching the children about the vital role of flora and fauna in our ecosystem.



Public Benefit Statement



As a University we are continuously adapting and developing the organisation to lead and innovate across the sector for our students, researchers and the wider public to transform lives through education and embody the University of the future.

The Next Chapter – transforming Senate House Library

In 2023, a major new programme commenced to transform the University's iconic Senate House Library building to strengthen this unique venue and its collections. This ambitious programme of change highlights the importance of Senate House Library as a national research library and teaching library for University of London students, federation members and the wider research community. The vision for Senate House Library is that it will be a specialist national resource for the arts, humanities and social sciences at the heart of the University of London.

By harnessing the collective power of the Federation libraries' unique and rare collections and exploiting the full potential of digital technologies, the Senate

House Library will inspire researchers and students globally in their scholarship and engage with the public to benefit society and our communities.

Re-imagining the Bloomsbury Campus

• Making Senate House a destination for staff and students

It is the intention of the University to make Senate House and the wider University estate a friendlier, more welcoming place for staff, students, federation members and the public. The Massive Small Changes programme is a set of projects linked to an update of the University's Estates Masterplan. These projects have been developed in consultation with our federation members and other stakeholders.

• BLOOM café and study space

This programme of works is well underway with the successful launch of BLOOM@Senate House, which provides a space in central London for our students to study, eat and meet – the first time we have created a gathering place specifically for all University of London students. We have also revamped Deller Hall café, opening it to students, creating more seating areas and introducing a new menu featuring global street food and a premium, socially conscious coffee option.

• The Senate House Steps

The Senate House Steps are open and present a welcoming front door to Senate House on Malet Street. The former carpark is now a unique meeting place for students, staff and the local community, with two entertainment spaces, wildflower gardens and Art Deco-inspired landscaping. The space is used for social events including performances, pop-up market stalls, sporting events and the annual lunchtime Christmas market with festive food and drink for staff and students. A screen has been installed thanks to a grant from the Convocation Trust, which is used to show films and key sporting events.

• Major events programme

In recent years, high-profile lectures and events, such as the London conference, the Universities UK annual dinner and the London Anchor Institutions meeting, have proved highly effective ways of promoting the wider work of the University, building awareness of the University among key influencers and demonstrating its important position within UK Higher Education. Our aim is to strengthen and grow our major events programme to continue to build our reputation. In 2023, we launched a new series of events with high-profile speakers – The Distinguished Lecture Series as well as The Future of Education debate series – focused on topical educational issues. We are also looking forward to hosting two major Higher Education sector events: a new Festival of Higher Education in November 2023 – a new partnership with Wonkhe – and the Universities UK International Higher Education Forum in May 2024.

• Estates strategy vision

Building work on the Warburg Institute on Gordon Square is expected to be completed within six months. This work marks the largest capital project since the Institute's building in Woburn Square was opened in 1958. Plans include a new lecture theatre in the building's central courtyard and the Institute's first exhibition space, as well as improved facilities for collections, scholars, students and artists.

The Cloisters, the iconic entrance to Senate House, have also been transformed into a beautiful arcade. The North and South Block entrances to Senate House are also being made step-free and accessible. The University has also created new working spaces for staff in Stewart House and ongoing renovations throughout the building are providing better support for hybrid working, with more improvements still to come.

These are just a few of the ways in which we're transforming our Bloomsbury estate to meet the needs of our staff, students and community. Our estates strategy will further

demonstrate that we are a bold, pioneering, creative and inclusive University and will harness the strengths of our history to deliver a truly unique student experience.

Student accommodation

The University of London is perhaps best known for its distance learning, but thousands of students from across the UK and worldwide continue to demonstrate an eagerness to study here in London, one of the world's great cities. In September, the University's Intercollegiate Halls welcomed more than 3,000 federation students from around the world. Bonham Carter and Warwickshire House has also been brought back into the University portfolio, adding more than 300 self-catering rooms for students from across the 17 federation members.



The Residential Services team is dedicated to ensuring students living within our halls receive the best possible experience. This dedication was recognised in May 2023 when the team received a prestigious Silver accreditation in the Investor in Students programme for student experience in the Intercollegiate Halls. This was particularly notable as it was the team's first accreditation assessment.

Access and participation

We have been committed to improving access to education since our inception. To promote equality, we challenge prejudices and maximise education for all students. Through our strategy, we reaffirm our commitment to the values of tolerance and belonging, as we seek to combat discrimination and exclusion.

Alongside our federation-wide Access Commitment and Care Leavers Guarantee, our newly launched London Scholars Programme supports our commitment to enabling better attainment and more inclusive access to higher education. It will provide significant funds to help with tuition fees and the cost of living for estranged students, those from ethnic minority backgrounds and students with experience of living under the care of a local authority.

Public engagement



This year, as part of the nationwide Being Human Festival led by the School of Advanced Study, 285 public engagement events were organised by researchers from 69 universities and research organisations, working with 320 cultural and community partners. Festival events took place in 48 UK towns and cities and attracted over 25,000 visitors.

In October, the University took part in the annual Bloomsbury Festival, opening up Senate House to the local community. Poet and playwright Inua Ellams performed his show *An Evening with an Immigrant: a ridiculous, fantastic, poignant immigrant-story of escaping fundamentalist Islam, experiencing prejudice and friendship in Dublin*, performing solo at the National Theatre and drinking wine with the HM the Queen all the while without a country to belong to or place to call home. Inua Ellams is a Practitioner in Residence at the School of Advanced Study in 2022–2023, part of a scheme making connections between SAS and the creative arts and industries.

The University of London: supporting civic engagement

The University of London is proud of its role as an anchor institution within the capital, supporting and working with the local community and partners for the benefit of all those who live, work and study in the city.

The University goes above and beyond the provision of higher education to create a lasting and meaningful impact on the city it calls home. Through a range of projects and initiatives the University seeks to deepen its contributions to London and cement its position as a civic institution for the public's benefit.

One way in which the University is building new connections and nurturing old ones is through the London Research and Policy Partnership (LRaPP) – london.ac.uk/london-research-and-policy-partnership – which it leads alongside the Greater London Authority and London Councils.

LRaPP aims to create networks between local government and the academic research community to address major public policy issues. Its board is chaired by our Vice-Chancellor, Professor Wendy Thomson, while Professor of Practice, Ben Rogers, represents the University as part of LRaPP's executive group.

Since it was established, the project has focused on three main areas: green businesses, jobs and skills – all of which contribute to a net zero agenda – and examined policies that would improve housing, by working with local communities to reduce the carbon footprint of London's homes.

The University is also a part of the London Anchor Institutions' Network (LAIN) – anchors.london – which launched in March 2021. The network tackles long-standing inequalities within London by bringing together the Mayor of London Sadiq Khan, London Councils and leading organisations across business, the public sector and community groups. Our Vice-Chancellor, Professor Wendy Thomson, is co-chair of the network's steering committee.

A significant way in which the University is addressing LAIN's objectives is by purchasing goods and services from micro, small and medium-sized businesses in London. As part of its normal operations, the University has contributed millions of pounds to London-based suppliers. LAIN has committed to spend more than £1.3bn on contracts with small businesses in London by 2027.

The London Scholars Programme is an excellent example of the University's dedication to creating a real social and economic impact in the city as well as widening access to higher education. In autumn 2022, the University launched the £2m scholarship to address the attainment gap between students. More than 70 students are already benefitting from the programme and, over the next three years, up to 100 London-based students from across the

federation will receive support through the programme. This programme is, in part, funded by the University's endowed funds, some of which have come from the generous support of those who have left a gift in their will to the University of London. The programme will also benefit from additional funding of more than £185,000 from the Unite Foundation and the Portal Trust over the next three years.

LAIN has also supported activity at the University through its London Progression Collaborative, which is providing guidance on how to make better use of the apprenticeship levy. The levy, which the University already pays as a large employer, supports the funding of apprenticeship training for other employers.

In addition to our Scholars Programme, students also benefit through our Careers Service, which provides a wealth of careers and employability support to students as well as recent graduates and research staff. The service recently launched a new short course on the online learning platform Moodle, which aims to help students under the age of 18 to explore their post-school options.



Scholarships offer for refugee and displaced students

In our continuing support of global efforts on behalf of refugees and displaced persons, we have diversified and augmented our scholarships offer for students who have had their higher education curtailed by conflict, oppression and natural disasters. In collaboration with federation members and Coursera, we now have 34 full-fee awards for undergraduate and postgraduate study:

- 3** MSc Professional Accountancy scholarships
- 10** Postgraduate Laws LLM scholarships
- 2** MSc Accounting and Financial Management scholarships
- 5** scholarships between BSc Computer Science and MSc Data Science
- 6** scholarships between BSc Business Administration, BSc Marketing, MSc Cyber Security, MSc Project Management
- 1** MA Global Diplomacy scholarship
- 5** LLB scholarships
- 2** Global MBA scholarships

To date, awards have been made to refugee and displaced students from Ukraine, Myanmar, Afghanistan, Iran, Somalia, Burundi, DR Congo, Albania, Cameroon and Zimbabwe. All are individuals who have fled their country of origin and are now in countries that include Malaysia, Canada, Lebanon, Turkey, Germany and the UK. Others have been displaced within their own country, for example in Ukraine and Pakistan.

This expanded portfolio builds on our existing provision that includes scholarships and bursaries for the MA Refugee Protection and Forced Migration Studies in partnership with the UNHCR, Norwegian Refugee Council and Danish Refugee Council. This important work was showcased in a landmark report by the British Council, *The Value of Transnational Education (TNE) Partnerships*, which sets out evidence for the impact of TNE in contributing to achievement of the UN's Sustainable Development Goals.



A national centre for the humanities – The School of Advanced Study

The University of London hosted a topical range of events in March linked to Commonwealth Day. The events were also the first to take place since Kingsley Abbott was appointed Director of the Institute of Commonwealth Studies.

Each November, the Being Human Festival presents hundreds of free events across the UK and beyond. Festival events aim to celebrate and demonstrate the ways in which the humanities inspire and enrich our everyday lives and help us to understand ourselves, our relationships with others and the challenges we face in a changing world. The 2022 festival generated 158 online news pieces, 36 broadcast pieces and 73 international pieces. 2023's festival consists of over 100 events across England, Scotland and Wales and takes place between 9–18 November.

Our ongoing collaboration with the Arts and Humanities Research Council has opened up exciting opportunities, including the Mapping the Arts and Humanities project to map the UK's complex, and often hidden, arts and humanities research eco-system. The School has, for many years, innovated ways to connect researchers across boundaries and the project will provide a consolidated source of information to help us all find and connect with research activity more easily.

Institute of Commonwealth Studies

Kingsley Abbott was appointed as the new Director of the Institute of Commonwealth Studies (ICwS) in April 2023, bringing to the role more than 20 years' experience in international non-governmental organisations, the United Nations and domestic legal practice. The ICwS has a new vision, which is that people from around the world, including throughout the modern Commonwealth, live in societies grounded in democracy, human rights and the rule of law.

It works towards this by:

- developing effective, evidence-based policy solutions to the challenges facing the modern Commonwealth
- supporting the modern Commonwealth's global network of civil society
- engaging with Commonwealth stakeholders, including its Member States
- offering ground-breaking MA and PhD programmes in human rights.

Supporting this are the three primary areas of focus:

- strengthening the rule of law
- combatting climate change
- promoting freedom of expression and digital rights.

Philanthropy and alumni engagement

The University raises funds for scholarships and hardship funds supporting students across the School of Advanced Study, the University of London Institute in Paris and our distance and flexible learning programmes.

Nigerian philanthropist, lawyer and University of London alumnus, Aare Afe Babalola, generously donated £100,000 to the University, providing support to students unable to continue with their studies due to financial hardship. He has also given a £10million donation to King's College London to establish the Afe Babalola African Centre for Transnational Education, which will offer blended and online programmes in partnership with the University of London and an alliance of leading African universities.

Warburg Renaissance

A generous gift of €600,000 from the Kythera Foundation will enable the Warburg Institute to upgrade exhibition space as part of the Warburg Renaissance project, allowing the display of works that would otherwise have been impossible, and to show its collections in greatly improved conditions. A gift from the Marie-Louise von Motesiczky Charitable Trust will allow the Institute to hire an exhibition co-ordinator.

The Warburg Renaissance project has enabled the restoration of some of the Institute's most treasured items, including the Gombrich family's Grotrian-Steinweg grand piano, as well as the Frieze of the Nine Muses which has greeted students, academics and visitors to the Institute since the building opened in 1958.

Thanks to the generous support of Marco and Francesca Assetto, the Warburg welcomed Tereza Červeňová as the first Artist in Residence. Tereza's photography and photomontage captures the process of the Warburg Renaissance project.

Significant donations

During 2022–2023, the University secured more than £2 million in new philanthropic donations from individuals, charitable trusts and foundations.

This included £185,000 from the Portal Trust and Unite Foundation for the University of London Scholars Programme, gifts of more than £100,000 to create the William St Clair Fellowship in SAS and £100,000 from Aare Afe Babalola to support students in need.

The University is also grateful to those who remembered us with a gift in their Will, with more than £500,000 in new legacy commitments, including Christopher Ligota's donation and gift of books to the Warburg Institute, and Dr Robert Macintosh's generous donation of the entirety of his estate to the University.

We would also like to thank all those who are part of the Vice-Chancellor's Circle, our most generous group of donors, as well as all the organisations who have provided philanthropic support.

New Appointments

New Senior appointments



Samantha Horne

Samantha Horne has joined the University as Director of Finance. Most recently, Samantha was Interim Director of Finance at Cancer Research UK. Prior to this she held various senior finance roles in large Registered Providers of Social Housing including Sovereign Housing Association and Metropolitan Thames Valley Housing Association. During Samantha's 18-year career in social housing she led commercial finance teams supporting Joint Venture partnerships and a new institutionally backed private rented sector asset class to generate additional profits to build more social housing. In addition to her finance roles, Samantha is a Trustee and Treasurer of growing charity One Small Thing which pioneers trauma informed care for women caught up in the criminal justice system.



Emma Rees

Emma Rees has joined the University as Executive Director of Estates and Property Services. Prior to this Emma was Head of Real Estate and Surface Access at Gatwick Airport. Emma is a Chartered Surveyor and has a wealth of corporate property experience working within the NHS and at several UK airports, including Cardiff, Stansted and Gatwick.

In Emma's most recent role at Gatwick Airport, she oversaw a portfolio of more than £1bn+ and was responsible for delivering key strategic and commercial developments, including new hotels, aircraft hangars and office buildings as well as being accountable for the airport's complex and world-leading transport links.



Marie Ennis

Marie Ennis has joined the University as Director of Strategic Communications, Marketing and Recruitment. Most recently, Marie was Interim Director of External Relations at the University of Plymouth. Prior to this she was Chief Marketing Officer at Royal Holloway, University of London, where she worked for eight years. In addition to her experience in higher education, Marie worked for over a decade in commercial communications consultancy, and led marketing and communications teams in some of the UK's leading charities, including the Terrence Higgins Trust and Barnardo's.



Richard Michel

Richard Michel is our new Chief Information and Digital Officer. Richard was previously the Managing Director for the Global Banking School where he oversaw a major IT systems and data transformation programme. Prior to this, Richard held senior leadership roles from 2008 through to 2021 as Chief Information Officer then Chief Operating Officer at Trinity College London, a leading international exam board and registered education charity, specialising in the assessment of English language and the performing arts. He has more than three decades of experience across the UK and Australia leading digital, information technology and business transformations.

Incoming Board of Trustee members – joined 1 August 2022

Pawan Dhir



Pawan Dhir is a banking and finance executive with extensive operational and leadership experience in capital markets, risk management, board governance and CFO responsibilities. He is a passionate advocate for equality, diversity and inclusivity, which he has championed throughout his career.

Pawan is an experienced non-executive director, serving on the boards of several educational institutions, harnessing the transformative power of education to support students of all abilities on their life journeys, to facilitate broader health, wellbeing and economic prosperity. He is Chair of the Audit Committee at the Royal Free London NHS Foundation Trust, one of the largest hospital groups in Europe.

Ilsa Tariq



Ilsa Tariq is the first student member to serve on our Board of Trustees.* She graduated with a Bachelor of Science in Economics and Management from the University of London and is currently pursuing a Master of Science in Development Management at the London School of Economics and Political Science.

During her first undergraduate year, Ilsa founded The University of London Global Community, a Discord group of over 1,200 students. She has also been a member of the Student Voice Group since 2020 and served as Co-chair from 2021–2023.

Ilsa has interned at several government ministries in Pakistan and her future aims lie in alleviating poverty and reforming the educational landscape in developing countries.

**The University of London is in the process of changing its Statutes to include a student member of the Board of Trustees. Until this change is formalised, Ilsa will not have formal trustee responsibilities but will participate in meetings and discussions.*

Professor David Latchman CBE FRSA



Professor David Latchman CBE is a leading UK university academic, author and philanthropist. He is Vice-Chancellor (CEO) and Professor of Genetics at Birkbeck University of London, a post he has held since 2003 and from which he steps down in December 2023.

David is a Professor of Genetics and has served on a number of charitable and scientific committees, including CBI London Council, National DNA Database Ethics Group, London First Board, London Higher and the DfE Lifelong Learning Entitlement Steering Group convened by the Department for Education.

He is Chairman and Trustee of the Maurice Wohl Charitable Foundation and a Trustee of the Maurice and Vivienne Wohl Philanthropic Foundation. He was appointed a Commander of the Most Excellent Order of the British Empire (CBE) in the Queen's Birthday's Honours of 2010 for services to higher education.

Corporate Governance Statement

The following statement is given to assist readers of these Financial Statements to obtain an understanding of the governance procedures of the University. It covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the Financial Statements on 22 November 2023.

The University endeavours to conduct its business:

- in accordance with the seven Nolan Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- in line with the public interest governance principles and conditions of registration of the Office for Students (OfS)
- in accordance with the values and elements set out in The Higher Education Code of Governance (September 2020).

The members of the Board of Trustees, as the charity trustees of the University, confirm that they have complied with the duty in 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 provides details of the reasons for this confirmation.

The Board of Trustees confirms that during the year ended 31 July 2023:

- funds from whatever source administered by the higher education institution for specific purposes have been properly 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 Funding and any other terms and conditions attached to them
- the requirements of the OfS's accounts direction have been met.

The University is an independent statutory corporation which was incorporated originally by Royal Charter in 1836 and is now incorporated by Royal Charter granted in 1863. It is governed by the University of London Act 2018 and by the Statutes made

in 2018 under that Act, which set out its objects, 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 17 federation members, each of which is itself a higher education institution, a charity 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: 11 appointed independent persons, all of whom are non-executive¹; a student member, also non-executive; the Vice-Chancellor; the Deputy Vice-Chancellor; and four heads of federation members, appointed by the Collegiate Council.

The role of the Chair of the 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. 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; oversight of compliance with the OfS's ongoing conditions of registration and terms and conditions of funding; management of strategic risks; approval of major developments; and receipt of regular reports from its committees and wholly owned subsidiaries.

The Board of Trustees is supported by the Collegiate Council, the membership of which includes the heads of the 17 federation members of the University, the Vice-Chancellor and the Deputy Vice-Chancellor.

The Collegiate Council is chaired by the Vice-Chancellor. The Collegiate Council provides advice and recommendations to the Board of Trustees on how the University supports the interests of the federation members in pursuit of its

¹ The University of London is in the process of amending its Statutes and Ordinances, with proposed changes to include amending the constitution of the Board of Trustees to include a student member. Until this change is formalised, the recently appointed student member will not have formal trustee responsibilities but will participate in meetings and discussions. It is anticipated that the process of amending the Statutes will be concluded by the end of 2023.

charitable objects. The Collegiate Council has a particular focus on ensuring the University continues to meet its strategic objective to serve, support and add value to its federation members.

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 each, from time to time, establish additional standing, special and advisory committees, sub-committees or boards. The committees which the Board of Trustees has established, and which operated during the year ended 31 July 2023, in addition to the Audit and Risk Assurance Committee, are the Academic Board, the Estates Committee, the Finance Committee, the Investments Committee and the Remuneration Committee, as well as the Nominations Committee, Academic Promotions and Titles Committee, the Equality and Inclusion Committee and the Health and Safety Committee. All of these committees are formally constituted with terms of reference and include members drawn from the membership of the Board of Trustees.

The University undertook a review of its governance in 2020, with a final report approved by the Board of Trustees in July 2020. The changes arising from this review help ensure that the University's governance arrangements are fit for purpose and support the effective delivery of the University's Strategic Plan for 2020–2025. Further to the recommendations of the Governance Review, and also in the light of the recent experience of federation members in reviewing their governing instruments, and changes of legislation and the regulatory environment, the University is in the process of reviewing and amending its Statutes and Ordinances. Approval of the revised Statutes is being sought from the Privy Council.

The **Academic Board** is responsible for the academic work of the University in teaching, examining and research and any major issues of general policy affecting the academic life of the University and its development. The Academic Board is responsible for monitoring and upholding the academic standards of the University. The Academic Board provides assurance to the Board of Trustees that the arrangements for the management of academic quality assurance and quality of the student experience are robust and appropriate, and that the University's academic strategic objectives are being met.

The **Audit and Risk Assurance Committee**, which meets at least four times a year, is responsible for providing assurance to the Board of Trustees in regard to the University's ongoing conditions of registration with the OfS, provides oversight of the University's management of strategic and significant operational risks, meets with the external auditors to discuss audit findings and meets 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 Audit and Risk Assurance Committee also monitors adherence to regulatory requirements and considers reports from the 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. It also considers ethical issues around proposed donations to the University. Although senior executives attend the meetings of the Committee as necessary, they are not members of the Committee. The Committee examines the University's annual report and annual Financial Statements together with the accounting policies before recommendation to the Board of Trustees for approval.

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 **Equality and Inclusion Committee** seeks to promote equality and diversity among staff and students. Its responsibilities include developing and ensuring implementation of the University's Diversity and Inclusion 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 **Finance Committee** is responsible for safeguarding and realising the value of the University's assets for the medium and long term, for recommending annual budgets to the Board of Trustees and for advising the Board of Trustees on matters of financial sustainability and significant capital expenditure. The Finance Committee also considers, and recommends to the Board of Trustees, comprehensive Financial Regulations for the conduct of the financial affairs of the University.

The **Investments Committee** is responsible for matters relating to the investments of the University and its trust funds, including recommending to the Board of Trustees the appointment of investment managers.

The **Health and Safety Committee** provides strategic health and safety leadership to the University and assurance to the Board of Trustees of robust safe working practices across the University. It agrees and monitors the University's safety objectives and safety Key Performance Indicators and reviews and recommends to the Board of Trustees the

University's Health and Safety Policy. It also has responsibility for considering strategic health and safety issues arising for the University, advising the Board of Trustees of key risks and for ensuring that the University's procedures and safe systems of work are in compliance with agreed University policy.

The **Nominations Committee** is responsible for succession planning and 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 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. The role of the Committee includes appointments to all committees of the Board of Trustees.

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

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, 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.

Membership and Responsibilities of the Board of Trustees of the University of London

Membership covers the period from 1 August 2022 to 22 November 2023 (unless further details are given under period of office):

Independent Members	Period of office
Jane Andrewartha	
Richard Dearlove (Chair)	
Pawan Dhir	From 1 August 2023
Patrick Dunne	
Andrew Halper	
Craig Hassall	
Kieran Murphy	
Andrew Ratcliffe	
Kavita Reddi	
Christopher Rossbach	
Rosalyn Wilton	

Student Member (see footnote on page 28)

Ilsa Tariq	From 1 August 2023
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Vice-Chancellor

Wendy Thomson	
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Deputy Vice-Chancellor

Paul Layzell	Unitil 31 July 2023
David Latchman	From 1 August 2023

Four Heads of federation members, chosen by the Collegiate Council

Colin Bailey, President and Principal of Queen Mary University of London	
Josette Bushell-Mingo, Principal of Royal Central School of Speech and Drama	
Frances Corner, Warden of Goldsmiths, University of London	
Michael Spence, President and Provost of UCL	

Statement of Board of Trustees' responsibilities in respect of the Financial Statements

The Board of Trustees is responsible for preparing the Annual Report and the Financial Statements in accordance with the requirements of the OfS Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

It is required to prepare the Group and parent University Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the Financial Statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the OfS ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

The Board of Trustees is required to prepare Financial Statements which give a true and fair view of the state of affairs of the Group and of the parent University and of their income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for that period. In preparing each of the Group and parent University Financial Statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the Financial Statements
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Trustees is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University. It is responsible for such internal control

as it determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Trustees is also responsible for:

- ensuring that funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- ensuring that funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Board of Trustees is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement of Internal Control by the Board of Trustees of the University of London

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 of Trustees in the University of London 2018 Act and Statutes, and the OfS Terms and Conditions of Funding.

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 2023 and up to the date of approval of the Financial Statements on 22 November 2023, and accords with OfS guidance. No significant internal control weaknesses or failures were identified in the year.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established and were carried out during the year ended 31 July 2023:

- 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. Risks cover business, operational, compliance and financial risks, and are assessed on likelihood and impact.
- 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, PricewaterhouseCoopers. 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

Opinion

We have audited the financial statements of University of London ("the University") for the year ended 31 July 2023 which comprise the Group and University Balance Sheets, the Group and University's Statement of Comprehensive Income, the Group and University's Statements of Changes in Reserves, the Group Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2023, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the Board of Trustees conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Senior Management and the Audit and Risk Assurance Committee as to the Group's and University's high-level policies and procedures to prevent and detect fraud, including the 's and University's channel for "whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Trustees, Audit and Risk Assurance Committee, Estates Committee, Finance Committee and Remuneration Committee meeting minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and University management may be in a position to make inappropriate accounting entries; and
- the risk that income from distance learning courses is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations relating to cash and income accounts and other unusual journal characteristics.
- Re-performance of a sample of distance learning tuition fee year end deferred income calculations, to assess the accuracy of the income adjustment recognised.
- We compared the distance learning courses for which income was deferred at 31 July 2022 to those deferred at 31 July 2023 to ensure the completeness of the balance.
- For a sample of distance learning tuition fee sales invoices raised throughout the financial year, we assessed whether the income had been recognised in the appropriate accounting period by confirming the date of course delivery.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with senior management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related

companies and higher education legislation), taxation legislation, pensions legislation and higher education financial reporting related regulation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and University are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the University's registration with the Office for Students. Whilst the Group and University is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the senior management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Trustees is responsible for the other information, which comprises the Strategic Report, Public Benefit Statement, Corporate Governance Statement and Statement of Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated

or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report, Public Benefit Statement, Corporate Governance Statement and Statement of Internal Controls which together constitute the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board of Trustees' responsibilities

As explained more fully in its statement set out on page 32, the Board of Trustees (the members of which are the Directors of the University for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction.

Matters on which we are required to report by exception

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 3 to the financial statements, has been materially misstated.

We have nothing to report in these respects.

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

This report is made solely to the Board of Trustees, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charters a Statutes of the University Our audit work has been undertaken so that we might state to the Board of Trustees those matters we are required to state to them 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 University and the Board of Trustees for our audit work, for this report, or for the opinions we have formed.



**Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square, London E14 5GL

21 November 2023

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

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

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

Going concern

The Board of Trustees have assessed the Group's and parent University's ability to continue as a going concern by reviewing the financial forecasts to 2025 and projections for three years thereafter. Sensitivity analysis was undertaken against several scenarios, reflecting the key risks identified by the University and based on the most recent approved assumptions. The University's business plan, taking account of possible changes in performance, shows that the University will be able to operate within its current liquidity position and borrowing facilities, while remaining compliant with existing bank covenants and internal golden rules, throughout the planning period.

Consequently, the Board of Trustees have a reasonable expectation that the Group and University have adequate resources to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the

Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

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 federation members and by charges for specific services supplied by the University to federation members. Heads of federation members are ex officio members of the Collegiate Council. The federation members 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 has no similar exemption in respect of Value Added Tax (VAT).

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

Foreign currencies

Transactions made in foreign currency are recorded at the weekly 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 translation are dealt with in the Statement of Comprehensive Income.

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. These consist of both assets owned by the University and assets held by the University on a finance lease where the University is the lessee. Costs include the purchase price, irrecoverable VAT and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 (i.e. fair value at 1 August 2014) and not depreciated due to its infinite useful economic life.
- Freehold buildings and refurbishment: Buildings, including any refurbishment prior to 1 August 2014, are recognised at fair value as deemed cost (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 and 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.

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 and bulk purchases of plant and equipment costing £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.

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.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

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, the lease is evaluated against the criteria to assess whether it 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 the inception of the lease. This is then depreciated over the lower of the life of the lease and the useful economic life 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, the lease is evaluated against the criteria to assess whether it is a finance lease or an operating lease.

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.

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

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of 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 instrument, 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 an inability to measure the economic outflow.

Pensions

The University participates in the Universities 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, with 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 complies with FRS 102 28.11. Its defined benefit schemes (USS and SAUL) are all multi-employer schemes and, accordingly, given that it is not possible to identify the University's underlying share of their assets and liabilities, are accounted for as if they were defined contribution schemes. 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.

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.

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 and to Aegon, a defined contribution scheme, for the staff of CoSector Limited.

Employment benefits

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

Grants

All grants are accounted for under the performance model. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

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 and endowments are a subset of non-exchange transactions that may have restrictions on use and, in the case of donations, may also have performance-related conditions attached. In all cases, income is recognised at the point the income can be reliably measured, receipt of the income can be legally enforced and receipt is considered probable.

Donations with performance conditions are recognised as deferred income, and recognised in the Statement 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.

Reserves

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

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

Income recognition

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

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 unless the bursary or scholarship is being funded from internal funds in which case the bursary or scholarship is accounted for net as a deduction to income.

All investment income from short-term deposits is recorded on a receivable basis and 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 bought into use with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement. Where the University does not recognise a liability to make payments, it does not recognise an infrastructure asset.

Consolidated and University Statement of Comprehensive Income

For the year ended 31 July 2023

Notes	Year ended 31 July 2023		Year ended 31 July 2022		
	Consolidated £'000	University £'000	Consolidated £'000	University £'000	
Income					
Tuition fees and education contracts	1	85,748	85,748	86,690	86,690
Funding body grants	2	10,349	10,349	8,968	8,968
Research grants and contracts	3	2,004	2,004	1,760	1,760
Property income	4	52,557	50,532	49,575	47,825
Other income	5	31,517	29,853	27,324	25,704
Investment income	6	12,094	12,200	7,035	7,335
Donations and endowments	7	1,750	1,750	1,305	1,305
Total income		196,019	192,436	182,657	179,587
Expenditure					
Staff costs excluding USS pension deficit movement	8	65,254	64,551	55,727	55,211
USS pension (surplus)/deficit movement		(14,139)	(14,139)	29,701	29,701
Total staff costs		51,115	50,412	85,428	84,912
Other operating expenses	10	121,937	119,140	113,853	111,317
Depreciation	13	6,906	6,906	6,090	6,081
Interest and other finance costs	9	4,566	4,566	2,581	2,581
Total expenditure	10	184,524	181,024	207,952	204,891
Surplus/(deficit) before other gains and losses		11,495	11,412	(25,295)	(25,304)
Gain on disposal of fixed assets		57,017	57,017	-	-
(Loss)/gain on revaluation of investments	16	(10,188)	(10,103)	21,230	21,241
Surplus/(deficit) before tax		58,324	58,326	(4,065)	(4,063)
Taxation	11	(1)	-	-	-
Total comprehensive income and expenditure for the year		58,323	58,326	(4,065)	(4,063)
Represented by					
Endowment comprehensive income for the year	23	(3,373)	(3,373)	6,951	6,951
Restricted comprehensive income for the year	24	65	65	320	320
Unrestricted comprehensive income for the year		61,631	61,634	(11,336)	(11,334)
		58,323	58,326	(4,065)	(4,063)

All 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 2023

	Income and expenditure account			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
Consolidated				
Balance at 1 August 2021	106,306	615	589,333	696,254
(Deficit)/surplus from the income and expenditure statement	9,479	1,270	(14,814)	(4,065)
Expenditure on endowment and restricted funds in year	(2,528)	(950)	3,478	-
Total comprehensive income and expenditure for the year	6,951	320	(11,336)	(4,065)
Balance at 1 August 2022	113,257	935	577,997	692,189
(Deficit)/surplus from the income and expenditure statement	382	1,464	56,477	58,323
Expenditure on endowment and restricted funds in year	(3,755)	(1,399)	5,154	-
Total comprehensive income and expenditure for the year	(3,373)	65	61,631	58,323
Balance at 31 July 2023	109,884	1,000	639,628	750,512
University				
Balance at 1 August 2021	106,306	615	589,334	696,255
(Deficit)/surplus from the income and expenditure statement	9,479	1,270	(14,812)	(4,063)
Expenditure on endowment and restricted funds in year	(2,528)	(950)	3,478	-
Total comprehensive income and expenditure for the year	6,951	320	(11,334)	(4,063)
Balance at 1 August 2022	113,257	935	578,000	692,192
(Deficit)/surplus from the income and expenditure statement	382	1,464	56,480	58,326
Expenditure on endowment and restricted funds in year	(3,755)	(1,399)	5,154	-
Total comprehensive income and expenditure for the year	(3,373)	65	61,634	58,326
Balance at 31 July 2023	109,884	1,000	639,634	750,518

Consolidated and University Balance Sheets

For the year ended 31 July 2023

Notes	At 31 July 2023		At 31 July 2022		
	Consolidated £'000	University £'000	Consolidated £'000	University £'000	
Non-current assets					
Intangible assets	12	6,113	6,113	5,902	5,902
Fixed assets	13	609,659	609,659	506,250	506,250
Heritage assets	13, 14	13,426	13,426	13,426	13,426
Non-current investments	16	182,246	182,953	307,736	308,358
Debtors: amounts falling due after more than one year	18	-	2,029	-	1,923
		811,444	814,180	833,314	835,859
Current assets					
Stock	17	267	267	235	235
Trade and other receivables	18	20,573	20,119	24,685	24,785
Cash and cash equivalents	25	107,049	104,452	40,007	37,033
Subtotal		127,889	124,838	64,927	62,053
Less: Creditors: amounts falling due within one year	19	(48,893)	(48,572)	(53,228)	(52,896)
Net current assets		78,996	76,266	11,699	9,157
Total assets less current liabilities		890,440	890,446	845,013	845,016
Creditors: amounts falling due after more than one year	20	(108,345)	(108,345)	(108,748)	(108,748)
Provisions					
Pension provisions	21	(31,069)	(31,069)	(43,751)	(43,751)
Other provisions	21	(514)	(514)	(325)	(325)
Total net assets		750,512	750,518	692,189	692,192
Restricted reserves					
Income and expenditure reserve – endowment reserve	23	109,884	109,884	113,257	113,257
Income and expenditure reserve – restricted reserve	24	1,000	1,000	935	935
Unrestricted reserves					
Income and expenditure reserve – unrestricted		639,628	639,634	577,997	578,000
Total reserves		750,512	750,518	692,189	692,192

The Financial Statements were approved by the Board of Trustees on 22 November 2023 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 2023

Notes	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Cash flow from operating activities		
Surplus/(Deficit) for the year before tax	58,324	(4,065)
Adjustment for non-cash items		
Depreciation	13	6,906
Amortisation and impairment of intangibles	12	2,461
Loss/(gain) on investments	16	8,617
(Increase)/decrease in stock	17	(32)
Decrease/(increase) in debtors	18	4,112
Increase in creditors	19, 20	1,996
(Decrease)/increase in pension provision	21	(12,682)
Increase/(decrease) in other provisions	21	189
Adjustment for investing or financing activities		
Investment income	6	(12,094)
Interest payable	9	3,026
(Gain) on the sale of fixed assets		(57,017)
Capital grant income	2	(132)
Cash flows from operating activities	3,674	(2,136)
Taxation	11	(1)
Net cash (out)/inflow from operating activities	3,673	(2,136)
Cash flows from investing activities		
Proceeds from sales of tangible assets		77,831
Capital grants receipts	2	132
Investment income	6	12,094
Payments made to acquire fixed assets	13	(13,669)
Payments made to acquire intangible assets	12	(2,672)
New non-current asset investments	16	(587)
Net cash (out)/inflow from investing activities	73,129	(1,493)
Cash flows from financing activities		
Interest paid	9	(3,026)
New unsecured loans	19	-
Repayment of borrowings	19, 20	(6,734)
Net cash (out)/inflow from financing activities	(9,760)	(21,842)
Increase/(decrease) in cash and cash equivalents in the year	67,042	(25,471)
Cash and cash equivalents at beginning of the year	25	40,007
Cash and cash equivalents at end of the year	25	107,049

Notes to the Financial Statements

For the year ended 31 July 2023

Notes	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Distance learning students	84,057	84,057	84,570	84,570
Full-time home and EU students	233	233	468	468
Full-time overseas students	660	660	671	671
Part-time students	798	798	981	981
	85,748	85,748	86,690	86,690
2 Funding body grants				
Recurrent grant				
Research England	10,217	10,217	8,891	8,891
Capital grant	132	132	77	77
	10,349	10,349	8,968	8,968
3 Research grants and contracts				
Research councils	847	847	670	670
Research charities	353	353	262	262
Government (UK and overseas)	626	626	699	699
Other	178	178	129	129
	2,004	2,004	1,760	1,760
The source of the grant and fee income, included in notes 1 to 3 is as follows:				
Grant and fee income				
Grant income from the OfS	516	516	2	2
Grant income from other bodies	11,837	11,837	10,726	10,726
Fee income for research awards	616	616	784	784
Fee income from non-qualifying courses	574	574	699	699
Fee income for taught awards	84,559	84,559	85,207	85,207
	98,102	98,102	97,418	97,418
4 Property income				
Residences, catering and conferences	46,260	44,235	41,315	39,565
Estates revenue	6,297	6,297	8,260	8,260
	52,557	50,532	49,575	47,825

Notes to the Financial Statements

For the year ended 31 July 2023

Notes	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
5 Other income				
Federation members: Subscriptions and charges	12,270	12,270	14,330	14,330
Other revenue grants	358	358	724	724
Job Retention Scheme	-	-	6	5
Other income	18,889	17,225	12,264	10,645
	31,517	29,853	27,324	25,704
6 Investment income				
Investment income on endowments	23	5,082	5,082	5,018
Other investment income		7,012	7,118	2,317
		12,094	7,035	7,335
7 Donations and endowments				
Donations with restrictions	23, 24	1,391	1,391	1,253
Unrestricted donations		359	359	52
		1,750	1,305	1,305
8 Staff costs				
Salaries		46,119	45,587	39,054
Social security costs		5,930	5,870	5,123
Movement on USS provision		(14,139)	(14,139)	29,701
Other pension costs		13,205	13,094	11,550
Total		51,115	50,412	85,428
			2023	2022
			No.	No.
Average full-time equivalent staff numbers:				
University and subsidiaries			1,035	983

Notes to the Financial Statements

For the year ended 31 July 2023

8 Staff costs (continued)

	2023 No.	2022 No.
Number of staff whose basic pay is over £100,000:		
£100,000 to £104,999	5	8
£105,000 to £109,999	4	4
£110,000 to £114,999	3	1
£115,000 to £119,999	2	2
£120,000 to £124,999	-	1
£125,000 to £129,999	1	2
£130,000 to £134,999	1	1
£135,000 to £139,999	-	-
£150,000 to £154,999	1	1
£160,000 to £164,999	1	1
£170,000 to £174,999	1	-
£195,000 to £199,999	1	-
£300,000 to £304,999	1	1
	21	22

	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Total remuneration of the Vice-Chancellor paid in the year:		
Basic salary	304,500	304,500
Payments in lieu of pension contributions	37,758	37,758
Performance related pay, bonuses and other remuneration	-	-
Taxable and non-taxable benefits	-	-
Pension contributions	-	-
	342,258	342,258
Total remuneration of the Vice-Chancellor waived in the year:		
Basic salary waived	-	-
Payments in lieu of pension contributions waived	-	-
	342,258	342,258

The Vice-Chancellor of the University of London combines the role of chief executive of a prestigious high-performing organisation with the leadership of a federal community of 17 independent universities. The University collaborates across its federation members to deliver world-leading distance education programmes, reaching 45,000 students across more than 190 countries. The University also has a significant property portfolio in central London and occupies Senate House with its world-class library and School of Advanced Study. The role of Vice-Chancellor requires a person who holds leadership credibility and standing with her peers; a competitive reward package is essential to attract and retain the best person.

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 objectives set by the Chair of the Board of Trustees. At its meeting held in February 2023 the Committee agreed that the Vice-Chancellor's pay would remain unchanged. 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.

Notes to the Financial Statements

For the year ended 31 July 2023

8 Staff costs (continued)

Pay ratios

The full-time equivalent basic salary of the Vice Chancellor during the year was 7.6 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 (2022: 8.0). In the prior year the ratio was calculated based on the median value for total pay, which resulted in a reported ratio of 7.2. Basic salary includes basic annual full time equivalent pay only.

The full-time equivalent total remuneration of the Vice-Chancellor during the year was 7.1 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 (2022: 7.9). Total remuneration includes basic pay, payments in lieu of pension payments, honoraria and employer pension.

The median pay and median total remuneration of staff is based on the full-time equivalent salaries of all staff and does not include 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. FTE data for such staff has not been collected and verified and is not held in an easily accessible format that could be collated within the timescales available.

Compensation for loss of office

Compensation for loss of office of the following amounts, paid to the following number of staff, is included with Salaries and other staff costs

	Year ended 31 July 2023		Year ended 31 July 2022	
	£'000	No. of staff	£'000	No. of staff
University and subsidiaries	225	16	678	32

The University's pursuit of its strategic aim to develop its capability and capacity for the future has required some targeted interventions in some areas of its business and the staff impact arising from these interventions accounts for the majority of the cost outlined above.

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 10 (2022: nine) members of staff who, along with the Vice-Chancellor, have been 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 31).

	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Key management personnel compensation	1,401	1,324

9 Interest and other finance costs

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loan interest		3,026	3,026	2,334	2,334
Exchange differences		83	83	106	106
Net charge on pension scheme	22	1,457	1,457	141	141
		4,566	4,566	2,581	2,581

Notes to the Financial Statements

For the year ended 31 July 2023

10 Analysis of total expenditure by activity

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	90,820	90,684	87,254	87,195
Premises	19,769	19,286	16,993	16,381
Residences, catering and conferences	37,531	36,490	33,634	33,239
Administration and central services	36,033	36,022	27,039	27,031
Defined benefit pension deficit movement	(14,139)	(14,139)	29,701	29,701
Research grants and contracts	1,812	1,812	1,675	1,675
Other expenses	12,698	10,869	11,656	9,669
	184,524	181,024	207,952	204,891

Other operating expenses include:

External auditor's remuneration in respect of statutory audit services (inclusive of VAT)	196	165
External auditor's remuneration in respect of non-statutory audit services (inclusive of VAT)	5	4
External auditor's remuneration in respect of other services (inclusive of VAT)	18	27
Operating lease rentals		
Land and buildings	301	279
Other	129	77
Stock recognised as an expense	6	-

Analysis of total consolidated expenditure by activity and by nature

	Defined benefit pension deficit		Other operating expenses	Depreciation	Finance costs	Total expenditure	Total expenditure
	Staff costs	movement					
	2023	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Academic and related expenditure	28,194	-	62,334	292	-	90,820	87,254
Premises	3,787	-	11,596	4,337	49	19,769	16,993
Residences, catering and conferences	3,661	-	29,416	2,214	2,240	37,531	33,634
Administration and central services	20,268	-	13,422	63	2,280	36,033	27,039
Defined benefit pension deficit movement	-	(14,139)	-	-	-	(14,139)	29,701
Research grants and contracts	1,417	-	398	-	(3)	1,812	1,675
Other expenses	7,927	-	4,771	-	-	12,698	11,656
	65,254	(14,139)	121,937	6,906	4,566	184,524	207,952

Notes to the Financial Statements

For the year ended 31 July 2023

11 Taxation

Recognised in the Statement of Comprehensive Income

	2023 Consolidated £'000	2022 Consolidated £'000
Current tax		
Current tax expense	-	-
Foreign tax suffered in current year	1	-
Adjustment in respect of previous years	-	-
Research and development tax credits	-	-
Current tax expense	1	-
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	-

12 Intangible assets

	Course development £'000	Assets in the course of construction £'000	Website development £'000	Software £'000	Total £'000
Opening balance at 1 August 2022	3,488	434	110	1,870	5,902
Additions in the year	69	2,666	-	-	2,735
Transfers	783	(1,072)	-	289	-
Disposals	-	(63)	-	-	(63)
Amortisation charge and impairment for the year	(1,505)	-	(105)	(851)	(2,461)
Closing balance at 31 July 2023	2,835	1,965	5	1,308	6,113

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 2023

13 Fixed 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 2022	149,769	357,383	28,651	5,471	10,917	13,426	565,617
Additions	-	-	85	13,498	86	-	13,669
Transfers	64,603	54,247	494	(3,068)	1,184	-	117,460
Disposals	(11,920)	(9,697)	-	-	(57)	-	(21,674)
At 31 July 2023	202,452	401,933	29,230	15,901	12,130	13,426	675,072
Depreciation							
At 1 August 2022	-	(31,406)	(5,019)	-	(9,516)	-	(45,941)
Charge for the year	-	(5,554)	(612)	-	(740)	-	(6,906)
Disposals	-	803	-	-	57	-	860
At 31 July 2023	-	(36,157)	(5,631)	-	(10,199)	-	(51,987)
Net book value							
At 31 July 2023	202,452	365,776	23,599	15,901	1,931	13,426	623,085
At 31 July 2022	149,769	325,977	23,632	5,471	1,401	13,426	519,676
University							
Cost and valuation							
At 1 August 2022	149,769	357,383	28,651	5,471	10,467	13,426	565,167
Additions	-	-	85	13,498	86	-	13,669
Transfers	64,603	54,247	494	(3,068)	1,184	-	117,460
Disposals	(11,920)	(9,697)	-	-	(57)	-	(21,674)
At 31 July 2023	202,452	401,933	29,230	15,901	11,680	13,426	674,622
Depreciation							
At 1 August 2022	-	(31,406)	(5,019)	-	(9,066)	-	(45,491)
Charge for the year	-	(5,554)	(612)	-	(740)	-	(6,906)
Disposals	-	803	-	-	57	-	860
At 31 July 2023	-	(36,157)	(5,631)	-	(9,749)	-	(51,537)
Net book value							
At 31 July 2023	202,452	365,776	23,599	15,901	1,931	13,426	623,085
At 31 July 2022	149,769	325,977	23,632	5,471	1,401	13,426	519,676

On 1 September 2022, the University changed the use of its property Bonham Carter Warwickshire House to student accommodation, transferring its classification from an investment property to an operational property for the year ending 31 July 2023. The property was valued by CBRE as at 31 July 2022 and was given the fair value of £117,460,000. See Note 32 re the judgements entailed in the Land/Building split of £64.6m and £52.9m respectively.

Notes to the Financial Statements

For the year ended 31 July 2023

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: london.ac.uk/about/services/senate-house-library/collections/art

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: london.ac.uk/about/services/senate-house-library/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 this valuation is £10.6 million.

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, both where service delivery has commenced.

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 Gardens 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 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 2023

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 2022	-	171,730	8,789	13,960	107,426	301,905
Additions	-	-	577	-	-	577
Property reclassification	-	(117,460)	-	-	-	(117,460)
Transfers from cash	-	-	-	-	10	10
Revaluation	-	(3,058)	-	(2,176)	(4,954)	(10,188)
At 31 July 2023	-	51,212	9,366	11,784	102,482	174,844
Short-term deposits and cash	-	-	-	-	7,402	7,402
	-	51,212	9,366	11,784	109,884	182,246
University						
At 1 August 2022	622	171,730	8,789	13,960	107,426	302,527
Additions	-	-	577	-	-	577
Property reclassification	-	(117,460)	-	-	-	(117,460)
Transfers from cash	-	-	-	-	10	10
Revaluation	-	(3,058)	-	(2,176)	(4,954)	(10,188)
Subsidiaries' net assets movement	85	-	-	-	-	85
At 31 July 2023	707	51,212	9,366	11,784	102,482	175,551
Short-term deposits and cash	-	-	-	-	7,402	7,402
	707	51,212	9,366	11,784	109,884	182,953

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	6,479
UPP Duncan House (Holdings) Limited share capital and premium	157
UPP Duncan House (Holdings) Limited loan	2,519
	9,366

The Property reclassification from Freehold Investment Properties is re Bonham Carter House, see Notes 13 and 32 for further details.

Notes to the Financial Statements

For the year ended 31 July 2023

16 Non-current investments (continued)

Investment in subsidiary companies at net asset value

CoSector Limited is a company registered in England 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 2023 CoSector Limited had net assets of £555,000 and, accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, is increased by this amount.

Senate House Services One Limited is a company registered in England 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 is the provision of operational services to third parties. At 31 July 2023 Senate House Services One Limited had net assets of nil, so there is no impact on the Balance Sheet of the University.

Senate House Worldwide Limited is a company registered in England 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 2023 Senate House Worldwide Limited had net assets of £66,000 and, accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, is increased by this amount.

Bloomsbury Heat & Power II Limited is a company registered in England 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 2023 by Knight Frank, Chartered Surveyors (previously by CBRE Ltd, Chartered Surveyors). The properties were valued at fair value, using comparative and investment methods, as defined within RICS Valuation – Global Standards. The value is therefore the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In undertaking the valuation of the property, Knight Frank made their assessment on the basis of a collation and analysis of appropriate comparable freehold vacant possession, investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions they then applied these to the property, taking into account size, location, terms, covenant and other material factors.

Investment in the Unified Trust Fund

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

17 Stock

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	267	267	235	235
	267	267	235	235

Notes to the Financial Statements

For the year ended 31 July 2023

18 Trade and other receivables

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	42	42	19	19
Other trade receivables	7,766	7,311	5,215	5,228
Other receivables	3,147	3,146	11,822	11,821
Prepayments	2,964	2,746	2,422	2,372
Accrued income	6,654	6,654	5,207	5,207
Amounts due from subsidiary companies	-	220	-	138
	20,573	20,119	24,685	24,785
Amounts falling due after more than one year:				
Amounts due from subsidiary companies	-	2,029	-	1,923
	20,573	22,148	24,685	26,708

19 Creditors: amounts falling due within one year

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Trade payables	3,526	3,503	4,576	4,573
Social security and other taxation payable	2,028	1,995	1,305	1,290
Accruals	24,735	24,450	25,862	25,680
Deferred income	13,485	12,976	12,176	12,054
Other payables	4,331	4,323	2,448	2,438
Unsecured loans repayable within one year	788	788	6,861	6,861
Amounts due to subsidiary companies	-	537	-	-
	48,893	48,572	53,228	52,896

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 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grant income	2,588	2,588	1,922	1,992
	2,588	2,588	1,922	1,992

Notes to the Financial Statements

For the year ended 31 July 2023

20 Creditors: amounts falling due after more than one year

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	61,334	61,334	61,076	61,076
Unsecured loans	47,011	47,011	47,672	47,672
	108,345	108,345	108,748	108,748

	Year ended 31 July 2023		Year ended 31 July 2022	
	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	11,933	11,614	10,814	10,692
Included within Accruals and Deferred income in note 19	13,295	12,976	12,176	12,054
Long-term halls deferred income to be released between one and two years	1,362	1,362	1,362	1,362
Other long term deferred income to be released between one and two years	1,000	1,000	809	809
Long-term halls deferred income to be released between two and five years	4,086	4,086	4,086	4,086
Other long term Tuition deferred income to be released between two and five years	138	138	71	71
Long-term halls deferred income to be released in five years or more	54,748	54,748	54,748	54,748
To be released after more than one year	61,334	61,334	61,076	61,076
Total deferred income	74,629	74,310	73,252	73,130

Analysis of unsecured loans:

	Amount £'000	Term	Interest rate %	Borrower
Due within one year or on demand (note 19)	788			6,861
Due between one and two years	1,110			1,135
Due between two and five years	2,278			2,218
Due in five years or more	43,623			44,319
Due after more than one year	47,011			47,672
Total unsecured loans	47,799			54,533

Included in loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
RBS (unsecured)	46,906	2047	5	University
	46,906			

Repayment on the RBS unsecured loan started in 2018.

Notes to the Financial Statements

For the year ended 31 July 2023

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 2022	43,751	-	43,751	325	44,076
Additions	-	-	-	514	514
Utilised	-	-	-	(325)	(325)
Released	(12,682)	-	(12,682)	-	(12,682)
At 31 July 2023	31,069	-	31,069	514	31,583

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 2022	43,751	-	43,751	325	44,076
Additions	-	-	-	514	514
Utilised	-	-	-	(325)	(325)
Released	(12,682)	-	(12,682)	-	(12,682)
At 31 July 2023	31,069	-	31,069	514	31,583

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. 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.

Following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 22 (i). This new plan requires deficit payments of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. See also note 8 in respect of movements on USS and SAUL provisions.

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.

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 to 31 July 2023.

Notes to the Financial Statements

For the year ended 31 July 2023

22 Pension schemes

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

- Universities Superannuation Scheme (USS)
- Superannuation Arrangements of the University of London (SAUL)
- Supplementary Employer payments made to French pension providers

The two main schemes, 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 2023 £'000	Year ended 31 July 2022 £'000
USS	8,503	8,074
SAUL	4,444	3,431
Other pension schemes	258	45
	13,205	11,550

(i) The Universities Superannuation Scheme

The total cost charged to the Consolidated Statement of Comprehensive Income is £8,503k (2022: £8,074k).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less:
	1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus:
	Pre-retirement: 2.75% p.a.
	Post-retirement: 1.00% p.a.

Notes to the Financial Statements

For the year ended 31 July 2023

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5 and an additional of 0.5% p.a. 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:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.49%	3.33%
Pensionable salary growth	2%	2%

(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.

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 2020. At the valuation date, the value of the assets of the scheme was £3,612 million and the value of the scheme's technical provisions was £3,829 million, indicating a shortfall of £217 million. The assets therefore were sufficient to cover 94% 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. The 2022 informal review resulted in a surplus of £616m for the scheme.

Notes to the Financial Statements

For the year ended 31 July 2023

22 Pension schemes (continued)

Most recent valuations of SAUL available year ended

	2022
Scheme assets	£4,564m
Total scheme liabilities	£3,948m
FRS 102 total scheme surplus / (deficit)	£616m
FRS 102 total funding level	116%

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

Financial assumptions

	31 March 2020		31 March 2017	
	Technical provisions	Future service costs	Technical provisions	Future service costs
Discount rate:				
Pre-retirement	3.15% pa	3.15% pa	4.06% pa	4.03% pa
Post-retirement (non-CDF)	1.05% pa	1.05% pa	1.96% pa	1.93% pa
Post-retirement (CDF pensioners)	1.91% pa	1.91% pa	2.22% pa	N/A
Price inflation (RPI)	2.70% pa	2.70% pa	3.39% pa	3.35% pa
Price inflation (CPI)	RPI less 1% pa	RPI less 1% pa	2.49% pa	2.45% pa
Salary increases			3.49% pa	3.49% pa
Pension increases in payment				
(Excess over GMP):				
Pre-2016 (CPI)	RPI less 1% pa	RPI less 1% pa	2.49% pa	N/A
Post-2016 (CPI max 2.5%)	CPI max 2.5% pa	CPI max 2.5% pa	1.77% pa	1.70% pa

Demographic assumptions

	31 March 2020	31 March 2017
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 with the 'Middle' table for females weighted as Non-pensioners: 123% for males and 100% for females and pensioners: 118% for males and 97% for females	S2PA year of birth tables weighted 100% for males and 94% for females
Mortality – future improvements	CMI 2020 projections with a long-term trend rate of 1.75% p.a.	CMI 2016 projections with a long-term improvement rate of 1.75% p.a.

The mortality assumptions used for the 31 March 2020 valuation result in the following life expectancies

Life expectancy for a male aged 65 now	21.1 years
Life expectancy at 65 for a male aged 45 now	22.7 years
Life expectancy for a female aged 65 now	24.4 years
Life expectancy at 65 for a female aged 45 now	26.2 years

Notes to the Financial Statements

For the year ended 31 July 2023

23 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2023 Total	2022 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2022				
Capital	89,624	17,802	107,426	102,955
Accumulated income	4,459	1,372	5,831	3,351
	94,083	19,174	113,257	106,306
Donations	19	40	59	60
Project income	-	195	195	273
Investment income	4,240	842	5,082	5,018
Expenditure	(2,609)	(1,146)	(3,755)	(2,528)
Increase/(decrease) in market value of investments	(4,133)	(821)	(4,954)	4,128
Total endowment comprehensive income for the year	(2,483)	(890)	(3,373)	6,951
Restricted permanent capital being reclassified as expendable during the year	-	-	-	-
Restricted permanent accumulated income being reclassified as expendable during the year	-	-	-	-
At 31 July 2023	91,600	18,284	109,884	113,257
Transfers from accumulated income to capital in the year	50	(40)	10	343
Represented by:				
Capital	85,541	16,941	102,482	107,426
Accumulated income	6,059	1,343	7,402	5,831
	91,600	18,284	109,884	113,257

Notes to the Financial Statements

For the year ended 31 July 2023

23 Endowment reserves (continued)

Connected institutions	Opening fund balance at 31 July 2022	Income	Capital appreciation	Expenditure	Closing fund balance at 31 July 2023
	Note	£'000	£'000	£'000	£'000
Individual charities					
University of London Studentship Fund	a	9,931	448	(437)	9,539
University of London Research Fund	a	6,974	315	(307)	6,726
University of London Prize Fund	a	771	35	(34)	745
Convocation	b	4,322	192	(187)	4,169
Chadburn Lectures	c	16,363	756	(740)	16,090
Teachers of Anatomy	d	419	229	-	136
Maplethorpe	e	8,812	391	(379)	8,622
Perren	f	5,249	228	(221)	5,062
Frost Chair	g	4,116	186	(181)	3,937
Summarised charities	Number of trusts				
Research support	80	44,840	2,042	(1,970)	43,838
Bursary/Scholarship	18	8,427	375	(365)	8,029
General Central University support	14	274	14	(11)	274
Other prize funds	8	2,759	124	(121)	2,717
		113,257	5,335	(4,953)	109,884
Analysis by asset				At 31 July 2023	At 31 July 2022
				£'000	£'000
Current and non-current asset investments				102,482	107,426
Cash & current assets				7,402	5,831
				109,884	113,257

Notes to the Financial Statements

For the year ended 31 July 2023

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 federation members of the University of London for three purposes: by awarding prizes, to undertake research, to provide studentships.

b Convocation

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

c Chadburn Lectureship in Medicine

This trust is to support up to eight lectureships on a part-time basis to provide opportunities for doctors in training whose personal circumstances preclude a full-time commitment to their careers.

d Teachers of Anatomy

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

e Maplethorpe

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

f 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.

Notes to the Financial Statements

For the year ended 31 July 2023

24 Restricted reserves

Reserves with restrictions are as follows:

	Unspent capital grants £'000	Donations £'000	2023 Total £'000	2022 Total £'000
Balances at 1 August 2022	-	935	935	615
New donations	132	1,332	1,464	1,270
Expenditure	(132)	(1,267)	(1,399)	(950)
Total restricted comprehensive income for the year	-	65	65	320
At 31 July 2023	-	1,000	1,000	935
Analysis of other restricted funds /donations by type of purpose:				
Scholarships and bursaries			211	203
Research support			138	186
General			651	546
			1,000	935

25 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Consolidated			
Cash and cash equivalents	40,007	67,042	107,049
	40,007	67,042	107,049

Analysis of changes in net funds

	At 1 August 2022 £'000	Cashflows £'000	At 31 July 2023 £'000
Consolidated			
Cash and cash equivalents	40,007	67,042	107,049
Endowment assets – short-term deposits and cash	5,831	1,571	7,402
Other investments – short-term deposits and cash	-	-	-
	45,838	68,613	114,451
Current asset investments	-	-	-
Debt due after one year	(47,672)	661	(47,011)
	(1,834)	69,274	67,440

Management of liquid resources comprises endowment assets, short-term deposits 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: £2,974,000 lower at 1 August 2022, and £2,597,000 lower at 31 July 2023.

Notes to the Financial Statements

For the year ended 31 July 2023

26 Consolidated reconciliation of net debt

	31 July 2023 £'000
Net debt 1 August 2022	14,526
Movement in cash and cash equivalents	67,042
Other non-cash changes	(140,735)
Changes in market value and exchange rates	(83)
Net debt 31 July 2023	(59,250)
Change in net debt	(73,776)

	31 July 2023 £'000	31 July 2022 £'000
Analysis of net debt:		
Cash and cash equivalents	107,049	40,007
Borrowings: amounts falling due within one year		
Unsecured loans	788	6,861
	788	6,861
Borrowings: amounts falling due after more than one year		
Unsecured loans	47,011	47,672
	47,011	47,672
Net debt	(59,250)	14,526

27 Financial instruments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets				
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash and cash equivalents	107,049	104,452	40,007	37,033
Other debtors	17,609	19,402	22,263	24,336
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Loans	47,799	47,799	54,533	54,533
Trade creditors	3,526	3,503	4,576	4,573
Other creditors	29,066	29,310	28,310	28,118

Notes to the Financial Statements

For the year ended 31 July 2023

28 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2023:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	13,588	13,588	23,452	23,452
	13,588	13,588	23,452	23,452

29 Contingent liabilities

	Year ended 31 July 2023		Year ended 31 July 2022	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Contingent liability	-	-	185	185
	-	-	185	185

Upon termination of its membership in a consortium on 31 July 2022, the University became liable for its share of any deficit in the related pension fund.

30 Lease obligations

Total rentals payable and receivable under operating and finance leases:

				Year ended 31 July 2023	Year ended 31 July 2022
	Land and Buildings finance lease £'000	Land and Buildings operating lease £'000	Other operating leases £'000	Total £'000	Total £'000
Payable during the year	-	301	129	430	357
Future minimum lease payments due:					
Not later than 1 year	1	-	33	34	133
Later than 1 year and not later than 5 years	2	-	48	50	67
Later than 5 years	12	-	-	12	12
Total lease payments due	15	-	81	96	212
Future minimum lease receipts due:					
Not later than 1 year	242	1,964	-	2,206	1,948
Later than 1 year and not later than 5 years	53	6,358	-	6,411	5,793
Later than 5 years	929	17,711	-	18,640	19,604
Total lease payments due	1,224	26,033	-	27,257	27,345

Notes to the Financial Statements

For the year ended 31 July 2023

31 Related parties

In line with the Committee of University Chairman guidance, all members of the Board, the Vice Chancellor's Executive Group and the Collegiate Council are required to complete an annual register of interests to record any areas of potential conflict with the interests of the University. Due to the nature of the University's operations and the composition of the Board of Trustees, the Vice Chancellor's Executive Group and the Collegiate Council, it is inevitable that transactions will take place with organisations in which a member of the Board, Vice Chancellor's Executive Group or Council may have an interest. We have reviewed all interests declared and considered if transactions have occurred in the year with those declared bodies. We have not identified any transactions which occurred in the current or prior financial year that are considered to be material to either the University or the third party identified. All transactions involving organisations in which a member of the Board, Vice Chancellor's Executive Group or Council may have an interest are conducted at arm's length in accordance with the University's financial regulations and normal procurement procedures. Furthermore, the University does not consider the relationship between the University and federations member to be a related party relationship. Refer to the Corporate Governance Statement for more detail on the relationship between the University and the Federation Members.

Trustees are not entitled to and did not receive any remuneration for their services. Three Trustees received a total of £1,872 (2021–2022) representing the reimbursement of travel and subsistence expenses incurred in attending Board of Trustees and Committee meetings and events in their official capacity.

32 Accounting estimates and judgements

Estimates

Estimates used to calculate pension deficit liability

The pension provision includes key assumptions on discount rates, salary inflation and staff numbers in the future. The USS pensions liability has been calculated using a discount rate of 5.49%, an average salary increase rate of 2.3% per year and staff growth rate which is up 2% over the next three years and then forecast to remain constant. 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 through the profit or loss account in accordance with section 28 of FRS 102. 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 recovery plan in existence at the date of approving the Financial Statements.

Investment properties

For the years ended 31 July 2023, all investment properties have been valued on a fair value basis as per RICS Valuation Global Standards (the definition adopted by the International Accounting Standards Board in IFRS 13). The Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Notes to the Financial Statements

For the year ended 31 July 2023

32 Accounting estimates and judgements (continued)

Bonham Carter House Transfer

On 1 September 2022, the University changed the use of its property Bonham Carter and Warwickshire House to student accommodation, transferring its classification from an investment property to an operational property for the year ending 31 July 2023. The property was valued by CBRE as at 31 July 2022 and was given the fair value of £117,460,000. Given the proximity to the transfer date (1 September 2022) we have used this valuation as the deemed cost of the asset. However, two issues arose requiring accounting judgements:

The land/building split of the overall valuation to determine the building cost to be depreciated.

- RICS guidance states that a hypothetical apportionment between land and buildings can be done in two ways:

- 1) By deducting the value of the land for its existing use from the valuation of the asset to provide a residual apportionment for the building; or
- 2) By deducting the net current replacement cost of the building from the valuation of the asset to provide a residual apportionment for the land.

However, if considered in isolation the approaches above fail to account for soft costs typical to residual appraisals. Furthermore, the two approaches will give you different results which contradict the other. Therefore, either approach in isolation cannot be seen to be correct. We have therefore taken a more logical methodology looking at the mid-point between the two approaches, which goes some way to accounting for the additional costs outlined. For Bonham Carter and Warwickshire House we assessed the build costs at £83,000 per bedspace using data from BCIS and a land value at £100,000 per bedspace based on transactional evidence. From this we have extrapolated an apportionment of 45% for the building and 55% for the land, which we have then applied to the valuation figure of £117.46m, to provide £52.9m for the building element and £64.6m for land element.

The useful economic life (UEL) for that building cost to be depreciated over.

Land generally has an unlimited useful life and therefore is not depreciated.

The University's current accounting policy for the UEL of buildings is 100 years and as Bonham Carter and Warwickshire House was redeveloped during the summer of 2023 so that it can be let to students for the 2023/24 academic year, it is judged appropriate to also give the building at its transfer date a UEL of 100 years.

33 Post Balance Sheet events

There are no post balance sheet events.

Annex to Financial Statements

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.

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 Chair.
- The Chair of the Board of Trustees.
- One Head of a federation member on the Board of Trustees.
- The Committee may co-opt an additional external member with appropriate specialist experience 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

The current Committee membership is as follows:

Constituency	Member
Independent member of the Board of Trustees (Chair)	Andrew Halper
The Chair of the Board of Trustees	Sir Richard Dearlove
Independent member of the Board of Trustees	Ros Wilton
Independent member of the Board of Trustees	Andrew Ratcliffe
One Head of a federation member on the Board of Trustees	Professor Frances Corner

The Committee held hybrid meetings on 15 December 2022 and 27 February 2023 in accordance with its terms of reference.

Apologies were received from Sir Richard Dearlove and Professor Frances Corner for the meeting held on 15 December 2022. All Committee members attended the meeting held on 27 February 2023.

In attendance at the meeting on 15 December 2022 were the Vice-Chancellor, Professor Wendy Thomson, Simon Cain (Director of HR) and Alistair Jarvis (Pro Vice-Chancellor, Partnerships and Governance). The Vice-Chancellor's remuneration was not discussed at this meeting due to the absence of the Chair of Board of Trustees.

In attendance at the meeting on 27 February 2023 were Simon Cain (Director of HR) and Alistair Jarvis (Pro Vice-Chancellor, Partnerships and Governance).

The Committee transacted the following business:

- 1.1 reviewed the salary, emoluments, allowances and other financial benefits payable by the University to the Vice-Chancellor
- 1.2 reviewed the emoluments paid to the Deputy Vice-Chancellor
- 1.3 reviewed the salary, emoluments, allowances and other financial benefits payable by the University to its most senior staff
- 1.4 received an update on other staff employed by the University on Level 10 of the academic-related salary scale or its equivalent
- 1.5 noted the revised Higher Education Senior Staff Remuneration Code.

Current remuneration context

The remuneration of the Vice-Chancellor and the University's most senior staff, currently defined as those reporting directly to the Vice-Chancellor, is determined in the context of:

- 1.6 The ambition set out in the University's new strategy for 2020–2025.
- 1.7 The impact of economic pressures and global events on the University's finances.
- 1.8 The University's role as a services provider across and beyond the Higher Education sector.
- 1.9 The University's significant property portfolio, which provides, inter alia, academic teaching space, student halls and conferencing facilities.
- 1.10 The University's central London location and regional, national and global role.

The Committee's decisions on individual remuneration were informed by:

- 1.11 The UCEA Senior Staff Remuneration Survey 2021 – with reference to relevant benchmarks, e.g. institution type, location, size and job function.
- 1.12 (Additionally for the Vice-Chancellor) remuneration of the Heads of federation members of the University extracted from published Financial Statements.

The Committee noted that:

- 1.13 The Vice-Chancellor had been re-appointed for a further five years from 1 July 2023 to 30 June 2028 on a full-time basis.
- 1.14 The Committee had approved by circulation the appropriate remuneration for Professor Paul Layzell who was to continue to perform the role of Deputy Vice-Chancellor following his retirement from Royal Holloway, University of London.
- 1.15 The Vice-Chancellor had conducted appraisals with each of her direct reports (the University's most senior staff).
- 1.16 The Vice-Chancellor presented her proposals for the remuneration of her direct reports.
- 1.17 All staff, save for those whose remuneration is determined by the Committee, received the nationally negotiated pay award in 2022, this being 3%.
- 1.18 All staff whose remuneration is determined by the Committee are eligible for membership of the Universities Superannuation Scheme.

Remuneration decisions for 2022–2023

- 2 The decisions of the Committee on the remuneration of the Vice-Chancellor, Deputy Vice-Chancellor and most senior staff are recorded in the confidential minutes of the meeting held on 15 December 2022 and 27 February 2023. The Board is specifically asked to note:
 - 2.1 The salary of the Vice-Chancellor would remain unchanged in the current academic year.
 - 2.2 The Vice-Chancellor's pay would be uplifted from 1 August 2023 to coincide with her re-appointment.
 - 2.3 One member of the most senior staff group would have their pay uplifted from 1 August 2022 in recognition of their exceptional contribution and achievements over the preceding year and to bring their remuneration more in line with their peers.

2.4 One member of the most senior group would receive a taxable benefit in kind as part of their overall remuneration.

Remuneration of most senior staff

3 The Committee welcomed the Vice-Chancellor's confirmation that she had agreed new objectives with this group and that these would be made available to the Committee.

Remuneration of other senior staff

4 The Committee welcomed confirmation that the University was to conduct a review of senior staff pay.

5 The Committee noted that:

5.1 The nationally negotiated pay award of 3% had been applied to the salaries of this group, which comprises Directors, Professors employed by the University and the administrative and other staff employed by the University on Level 10.

5.2 A very small number had seen adjustments to their remuneration because of changes to their role.

5.3 No members of this group had received a one-off payment based on performance.

Any other business

6 The Committee were informed that the revised Higher Education Senior Staff Remuneration Code did not require any amendments to its current Terms of Reference or mode of operation.



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