



UNIVERSITY
OF LONDON

Financial Statements

2019–2020

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Contents

- 3** Preface
- 4** Vice-Chancellor's Foreword
- 5** University Executive
- 6** Highlights of the Year
- 8** Strategic Report
- 24** Public Benefit Statement
- 27** Fundraising Regulation
- 29** Corporate Governance Statement
- 32** Membership and Responsibilities of the Board of Trustees
- 34** Statement of Internal Control by the Board of Trustees
- 35** Independent Auditor's Report to the Board of Trustees of the University of London
- 37** Statement of the University's Principal Accounting Policies
- 44** Consolidated Statement of Comprehensive Income
- 45** Consolidated and University Statement of Changes in Reserves
- 46** Consolidated and University Balance Sheet
- 47** Consolidated Cash Flow Statement
- 48** Notes to the Financial Statements
- 72** Annex to the Financial Statements

Preface

Established by Royal Charter in 1836, the University of London is recognised globally as a world leader in Higher Education and a pioneer in enabling access to education.

The University of London delivers a distinctive approach to learning, teaching and research, provides high-quality and innovative services and access to an extensive portfolio of property located primarily in Bloomsbury.

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

We collaborate to reach, through our distance learning programmes, tens of thousands of students across 190 countries globally; while also delivering world-leading services including the Senate House Library, The Careers Group and CoSector.

Vice-Chancellor's Foreword

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

2019-20 marks the first year in my tenure as Vice-Chancellor of the University of London. I am proud to introduce this report highlighting the year's achievements and financial statements.

The world is rapidly changing, now more than ever with the global spread of coronavirus with its far-reaching implications for higher education and society. The health and economic hardship wrought by the virus is evident; the future uncertain. It has also been a year where the death of George Floyd triggered the Black Lives Matter movement and brought global attention once again to the racism experienced by people around the world and the changes required across education.

Despite these challenges, there has never been a better time for the University of London to step forward with confidence in its role as a leading academic institution and advocate for social justice. An institution with an impressive past which, along with its world class Member Institutions, is well-positioned to respond to the growing demand for new discoveries and lifelong learning in the humanities and social sciences.

For the pandemic has fuelled an acceleration of our educational mission into the digital age. We can be proud of the speed and agility with which our staff and functions moved online, working remotely. Our student services sprang into action, catering for students' well-being in the Halls of Residence. Online chat service along with a click and collect services have been introduced into Senate House's iconic libraries. Events and public engagement moved into the virtual sphere, attracting new and expanding participants. As world leaders in distance learning and learning technologies, we rapidly redesigned our approach to assessment so that, by June, 100,000 examinations had moved from a paper based system to a digital one delivered across 23 time zones.

The operational adaptations to the global pandemic have run in parallel to major strategic changes: a comprehensive review to modernise

and streamline the University's governance arrangements, the development of the University's five year strategy, **'Transforming Education..... Creating Futures'** and a newly articulated academic strategy **'Connecting Worlds'**.

In these times, charting a clear course has rarely been more important to securing our mission. Our ambitious strategy addresses these new challenges by harnessing the strengths of our history and forging a path for a world class university in a modern, global community.

Our overarching objective is to enrich our academic work with our Member Institutions in the pursuit of excellence in education, research and knowledge exchange; collaborating on academic programmes, networks and partnerships that further the federation's goals across London, the UK and internationally.

Our three strategic objectives for 2020-2025 build on our mission and core values, leading the way for a positive future:

- Furthering our position as the UK's leading provider of distance learning worldwide delivering cutting-edge programmes, to increased numbers of people who can benefit most from education.
- Stimulating innovative intellectual exchange and effective public engagement, drawing on our expertise across the University in the humanities, distance learning, careers and employability, and inclusivity/widening access.
- Developing and continuously adapting our organisation and capacity, we will continue to lead and innovate across the sector so that together we can transform lives through education and embody the university of the future.

It has been a challenging year, but one that has included many achievements on which we will build and take pride.

University Executive



Vice-Chancellor
Professor Wendy Thomson CBE



Deputy Vice-Chancellor
Professor Paul Layzell



Pro Vice-Chancellor (International)
Professor Mary Stiasny



Pro Vice-Chancellor (Operations)
Chris Cobb to October 2020



Pro Vice-Chancellor (Research)
Professor Rick Rylance retired September 2020



Pro Vice-Chancellor (Research and Public Engagement)
Professor Jo Fox since November 2020



Pro Vice-Chancellor (Strategy, Planning and Partnerships)
Dr Ghazwa Alwani-Starr



Chief Financial Officer
Rita Akushie since October 2020



University Secretary
Rosalind Frendo to July 2020



University Secretary
John Stewart since July 2020

Highlights of the Year



Foundation Day, 2019



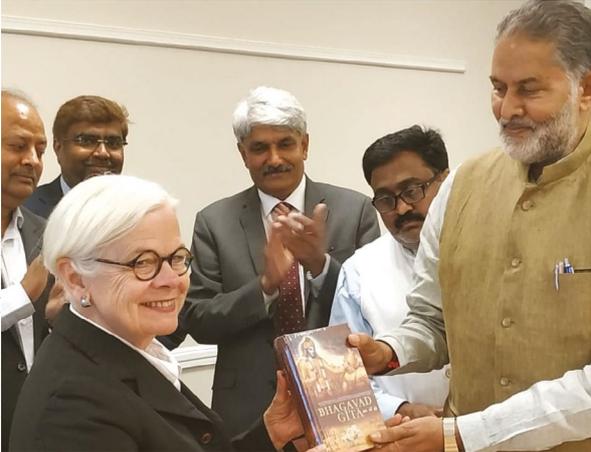
Vice-Chancellor Wendy Thomson and Pro Vice-Chancellor (International), Mary Stiasny attend alumni event in Hong Kong, 2020



Chancellor, Her Royal Highness, Princess Royal, opens flagship student development, Eleanor Rosa House, 2020



Alumni celebrate 30 years of engagement in Malaysia



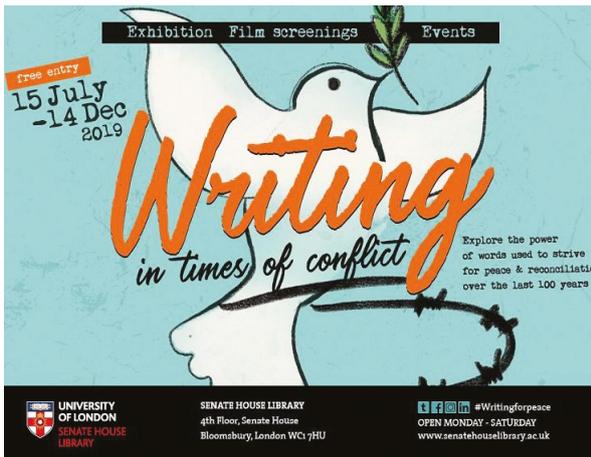
Pro Vice-Chancellor (International), Mary Stiasny hosts a visit at Senate house from stakeholders from India, including His Excellency The Minister of Education, Ram Bilas Sharma



University of London Institute in Paris, Class of 2019



Being Human Festival, 'Discoveries and Secrets', 2019



Senate House Library's 'Writing in times of conflict' exhibition, 2019



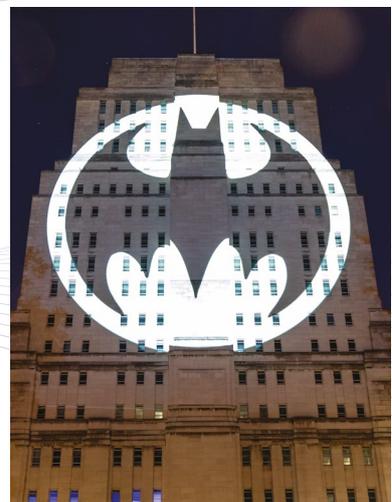
University of London Worldwide collect IPRA Gold Award, 2019



Senate House Library's 'Childhood in Dickensian London' exhibition walking tours led by Charles Dickens' great-great-granddaughter



History Day, 2019



Senate House celebrates Batman's 80th anniversary, 2019

Overview and Key Financial Measures

The results for the 2019-20 financial year reflect the impact of the global pandemic of COVID-19 on all aspects of the University's activities. The strength of the University and the diversity of its activities will enable the University to weather the current difficult circumstances. The key measures for the year are:

- 48,000 students studying in 190 countries
- 93,000 assessments carried out online
- Total Income decreased by £20 million to £155.4 million.
- Net cash outflow from operating activities was £5 million.
- Balance sheet strength maintained with total net assets growing by £42.4 million

Our Activities

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

The University in numbers 2019–20

Around



17,500
visits to
Institute of
Advanced Legal
Studies Library

Being HUMAN
A FESTIVAL OF THE HUMANITIES
250 Events



Over 2,000
distance learning
students on internships



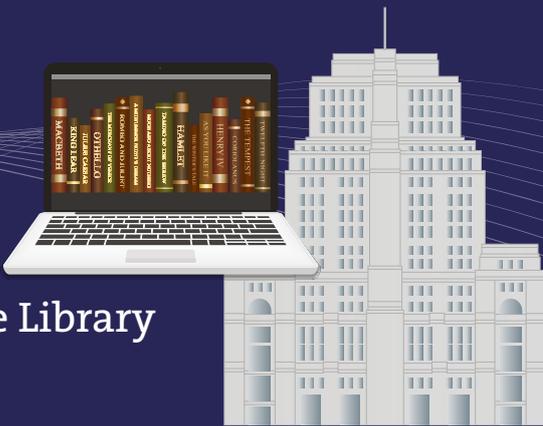
93,000 online
assessments

33 floor
high
Eleanor Rosa House



**over 1
million**

Senate House Library
online users



Academic

The University of London's distance and flexible learning operation reaches and connects with more than **48,000 students in over 190 countries** through its 100+ undergraduate and postgraduate study programmes. A further 2.4 million learners from across the globe have also registered on one of the University's 47 Massive Open Online Courses (MOOCs), offered through the Coursera online platform.

The University's distance and flexible learning programmes, including MOOCs, are delivered in collaboration with the world class Member Institutions of the University of London and the School of Advanced Study. During the past year, a number of new programmes have been launched, with a distinct and relevant application to today's world.

The new online MSc Marketing programme, developed with Birkbeck, University of London, provides students with an in-depth knowledge of the strategic and tactical building blocks for successful marketing practice. This is informed by both marketing theory and current research. Modules include digital and social media marketing, research and analytics, brand management in addition to corporate responsibility and sustainability. This MSc is accredited by the Chartered Institute of Marketing.

The University also launched a MSc Data Science, with Goldsmiths, University of London and a new BSc Psychology with King's College London.

The MSc Data Science programme is designed to address the world's shortage of skilled data scientists in a rapidly growing sector. It equips students with the technical and practical skills required to analyse big data. Such skill sets are increasingly sought after to inform business decision making.

The BSc Psychology takes a contemporary approach to studying the human mind. It focuses on creativity, independence and applied learning in relation to current social challenges. The programme is further enriched by input from the Institute of Psychiatry, Psychology & Neuroscience at King's.

New modules were also launched for the MSc in Supply Chain Management and Global Logistics (with City, University of London), our Global MBA Health Pathway (with University College London) and our popular BSc Computer Science programme (with Goldsmiths, via the Coursera platform) to which the University welcomed a new intake of over 700 online students, from over 100 countries.

More than 50% of students studying through distance and flexible learning choose to undertake self-study, whilst others opt to study through the University of London's international network of 121 Recognised Teaching Centres, with 14 new centres added in the past year.

The University signed a new agreement with Unionlearn, the learning and skills organisation of the Trades Union Congress (TUC) to support lifelong learning by union members. Unionlearn has a membership of more than 5.5 million people and works with 49 unions, including Unison, RMT, and UCU.

The Guardian newspaper ran four articles about the University of London in their 'Back to Class' series. The articles were part of the marketing mix for the University of London's UK awareness campaign for online programmes. The UK campaign, entitled '**Make Yourself at Home**', encouraged signing up to free Massive Open Online Courses (MOOCs), individual modules and postgraduate programmes.

The **School of Advanced Study (SAS)** plays a national role in supporting, facilitating and amplifying research in the UK in the humanities. The importance of the humanities to understanding who and where we are, the history of how we arrived here, and our systems of culture and belief has never been greater. There is an urgent need to explain, justify and demonstrate the humanities' role in the UK economy and society both to policy makers and to the public. This is SAS's mission. The School supports individuals, organisations and networks conducting ambitious research; leads debates that stimulate new agendas and innovative thinking; and develops new resources and training. It is home to a vibrant postgraduate and post-doctoral community, a rich and creative events programme, and nationally significant specialist research libraries and collections.

The School's **Being Human Festival** is the UK's only festival of the humanities. In 2019, more than 250 free events took place across the UK in more than 50 towns, cities and villages, with over 20,000 audience members. 2019's 'Discoveries and Secrets' themed festival hosted events including gallery take-overs, hands-on workshops and behind-the-scenes tours, on topics spanning everything from Moroccan hip-hop to LGBTQ+ histories.

SAS relaunched the **University of London Press**, building on a century of publishing tradition by disseminating distinctive scholarship at the forefront of the humanities. The Press will focus on collaborative, inclusive, open access publications, drive research agendas, and experiment with new publication formats. The shift to open access in academic publishing over the past ten years has transformed the academic publishing landscape. The rebirth of the University of London Press signals that SAS is ready to take its place within it.

The School will launch a new strategy in 2020, establishing the School as the **National Centre for the Humanities**, an accelerator for humanities research, connecting and amplifying the work of humanities scholars across the UK and beyond.

In first part of the year, the extraordinary **Senate House Library** (SHL) convened and orchestrated cross-federation library projects such as collaborative collection mapping, deduplication of collections, and the formulation of shared storage plans with the aim of improving efficiency and finding cost-savings in challenging financial times for the whole sector.

The library's unique and distinctive holdings were also showcased through its growing public engagement programme and had significant success with the exhibition 'Childhood in Dickensian London', which led to strategic cultural and community partnerships with the Charles Dickens Museum, author and Dickens's descendant Lucinda Dickens Hawksley, and leading academics in the field.

Brexit presents an opportunity for **The University of London Institute in Paris** (ULIP) to expand the range of courses offered. ULIP launched a

new UoL BA in International Politics in 2019 and have worked closely with our Member Institutions to provide new academic collaborations, opportunities to study abroad and created new hosted facilities. These are already in place with QMUL, King's and Goldsmiths. This year saw the launch of a new Banister Fletcher Fellowship in urban studies, based in Paris and run in collaboration with UCL and QMUL.

Students

This year, the University of London offered 93 business placements for students across 30 companies in 5 countries during July to October 2019 with 1,116 applications received. This was followed up by a successful virtual internship programme in June-July 2020 with 1,052 students successfully completing virtual internships from 3,254 applications.

Facilitating business placements becomes more rewarding every year, with students praising the lasting positive impact placements have had on their academic, professional and personal development. The huge increase in uptake not only demonstrates the determination and ambition of our students, but also the demand for, and increasing importance given to, experiential work-based learning. Several students were offered full-time roles upon completion of their degree, affirming the value of this initiative providing the best possible career outcomes for students.

The University will continue to grow this programme, with plans to expand it into Europe and further across Asia. This year the University of London also lent its support to 'Internship Experience UK'. The programme, created by Bright Network in response to the challenges brought about by COVID-19, brought together leading employers and top educators for a series of three day virtual experiences.

The **2020 Student Support Appeal**, which ran over two weeks as a digital fundraising campaign, was an opportunity for the University's global community to come together in support of current UoL students. Gifts were received from alumni living in 31 countries, including, but not limited to,

Strategic Report

Singapore, Hong Kong, Malaysia, Ghana, Sri Lanka, Pakistan, Japan, Bahrain and Saudi Arabia. Thanks to the generosity of its alumni community, this appeal raised enough to support over 40 current distance and flexible learning students who have been affected by the COVID-19 pandemic.

The largest provider of careers advice in Europe, **The Careers Group's** 260 plus staff support 150,000 current students across the Federation, as well as alumni and pre-entry students.

This year, The Careers Group's Research Unit addressed strategic and policy needs for careers service delivery. These included 'Graduate Outcomes: the national picture', 'access and participation plans and careers and employability services' and 'responding to the impact of COVID-19 on the graduate labour market'.

The Careers Group continues to look for innovative ways of engaging students with the world of work. This year that included 16 teams across eight Member Institutions in an annual pitching competition, Gradventure.

All of The Career Group's services were moved online from March. During this time, Matrix Quality Standard Accreditation took place with the group receiving full accreditation. Assessment proceeded with three Member Institutions "virtually visited" (UCL, City and Goldsmiths) so the assessor could speak to not only staff, but also students, academics, senior stakeholders, partners, alumni and employers.

Response to COVID-19

The University continued to operate throughout the pandemic and lockdowns across the world providing teaching, assessment, research and public engagement activities. It also continued to provide student support through its services and in Intercollegiate Halls of Residence.

With just four weeks to go before the start of the impending examination session, on 30 March, the impact of the pandemic required the University to cancel face-to-face examinations scheduled to take place across the world in 456 registered centres. The University rapidly mobilised to organise

alternative assessments for its students, following immediate consultation with programme directors on the best form of assessments to adopt for their specific programmes and modules.

Fortunately, the University was well placed to support the transition to online in a short time, and was able to develop the capacity for online exams using in-house services.

This global response to the pandemic resulted in approximately 93,000 online assessments being taken across 23 different time-zones. from 4 May until 7 August, with only a four-week delay from the original published face-to-face examination timetable.

SAS responded to lockdown by moving its extensive events and training programme online, pivoting some events to intervene in public debates on the crisis and bring cultures, literatures, art and history into homes across the world.

In May, the UK joined the US, Europe and the World Health Organization by including loss of smell or taste as an officially recognised symptom of COVID-19. Those calling NHS 111 with sudden loss of smell are now told that they are likely to have COVID-19, are eligible for a test, and should self-isolate. In order to discover more, researchers from SAS together with colleagues from the Global Consortium for Chemosensory Research (GCCR) produced a survey about change of smell and taste during the COVID-19 pandemic.

Professor Barry Smith, Director of the Centre for the Study of the Senses, located within SAS, and the UK lead for the GCCR, said: "If enough people are able to tell us about their sudden loss of smell or taste, this will provide vital clues that could be part of the story about the prevalence of the virus in the population – information the Government can call upon before mass antibody testing is available."

The UK researchers in GCCR, who are made up of clinicians, sensory scientists and patient advocates, "have contributed at every turn" according to Professor Smith, "by publishing scientific findings, writing letters to leading medical journals, and by informing the public directly through social media, newspapers, online articles, and podcasts"

An interdisciplinary team led by Professor Ophelia Deroy, associate researcher at SAS's Institute of Philosophy (IP), offers insights into how people behave in response to threat as countries face the biggest global crisis since World War II. Their research found that, contrary to many media reports, panic and selfish behaviour are not the prevalent human responses to perceived danger. They revealed that people 'affiliate and seek social contact even more when exposed to a threat', which is a challenge when they are urged to isolate themselves and conduct 'social distancing'. Their research, published in the scientific journal *Current Biology*, highlights the mechanisms behind the psychological responses to coronavirus pandemics, and importantly, makes a series of policy recommendations to assist governments and health authorities.

Layers of London, a free website developed by SAS's Institute of Historical Research (IHR) and a range of libraries and archives, brought together more than 200 historical map layers. Londoners can peel back time by spotting the differences between what they can see from their windows today, and what they could have seen 50, 100, 200, and in some cases almost 700 years ago. During lockdown, the interactive website enabled suddenly home-isolated Londoners to do some detective work and find out how their area has changed over time.

The map layers include information on topics such as WWII bomb damage, Victorian wealth and poverty using Charles Booth's map, ancient history and archaeology, and London's worst disasters. As well as browsing through history, members of the public can view records contributed by Londoners from all walks of life or add their own stories and histories to the website.

The COVID-19 pandemic caused significant disruption for SHL, but it also opened up a number of opportunities. Ongoing investment in digital infrastructure meant that SHL was well placed when the physical library had to close because of COVID-19. The library migrated to an online library in the space of three days in March, offering a range of new online services, eResources

and collaborative tools. The library also created LibAnswers FAQ & LibChat, an online chat service for library users and a fully remote registration system for federal members. The library has a strong working relationship with the federal member libraries, closely engaging with them during the shutdown period, both on process and policies for managing remote access and for benchmarking services for re-opening onsite access.

The University's estate remained open to staff and students providing key services with arrangements quickly put in place to ensure the health and safety of users through social distancing arrangements as well as provision of infection control measures and PPE.

Front facing staff contributed hugely to this effort, continuing to travel into the University buildings throughout periods of lockdown and restrictions to ensure that the University maintained essential services.

The University of London **Intercollegiate Halls** provide accommodation to 3,700 students from across the Member Institutions with the Residential Life team working flat out to support students. The halls remained open with specific additional support to students in isolation and travel quarantine. This included welfare support and practicalities such as meal deliveries and laundry, but also importantly, personal mental health support.

Before the outbreak of the virus, a halls focussed **Student Health & Wellbeing Strategic Plan** had already been prepared. The plan espouses the University's vision for a happy, healthy, supportive, and inclusive community of students and staff who are able to flourish in body, mind, and life. Early work toward increasing support for student health and wellbeing has included a positive nutrition plan for our catered halls of residence and creating an elected wellbeing officer on the student committee in every hall.

This was the first year of a coordinated residential life programme in the Intercollegiate Halls, offering social and community-building activities as well as pastoral support. An agreed plan of activities was

Strategic Report

delivered across all our residences, whilst retaining scope for individual wardens to organise local events to meet the needs and fit the context of their specific halls.

The University invested in a new online communication platform called Browzer, designed to make it easier for students in the Intercollegiate Halls to find information about their accommodation and to promote engagement in our new student health & wellbeing and residential life programmes. Engagement with the new platform in its first month of operation was greater than any other similar site, and the University's use of the platform to communicate with students during the coronavirus pandemic was showcased as best practice.

The University launched a **wellbeing 'Safe to Stay' online campaign** to reassure students and their parents of our arrangements for students staying in Intercollegiate Halls during the COVID-19 pandemic. The campaign, gives access to a wide range of resources to inform students of arrangements for their safety as well as the guidance and support available. Significant effort is placed on providing resources that enable students to continue with their studies effectively and to ensure their physical as well as mental health and wellbeing. Links to local GPs and to wellbeing resources from our specific services such as the Senate House Library, Careers service and academic departments was also included.

Equality and Inclusion

For the University's equality and inclusion work, 2019-20 is the year that focused on the Black Lives Matter Movement and the death of George Floyd. The collective response from the University leadership, staff and students was to reflect on the University's legacy and take action to ensure that it was proactively understanding and addressing race equity issues.

In early June, the Vice-Chancellor reaffirmed the University's commitment to addressing racism and promoting race equality. The University's **Race Equality Group** (REG) worked with staff and senior leaders to identify actions that the

University can take in its role as an employer to make the workplace race inclusive. The University agreed to take forward all the suggested actions with many of these actions completed. For example: a standard line in recruitment advertisements encouraging applications from Black and Minority Ethnic staff (who are underrepresented in certain levels) has now been adopted for all new roles; renewed efforts to ensure diverse interview panels; and Unconscious Bias and Race Awareness training for all staff has been completed. Other actions, such as the review of the approach to staff appraisal, require significant work and will run into 2021.

The University has taken several internal actions to respond to the Equality and Human Rights Commission's report on racism in the HE sector as well as ensuring compliance with the UUK and OfS's requirements on harassment. These include revising and consolidating internal student complaints procedures, updating the relevant Ordinances and revising the staff code of conduct (relationships). Internal training for all staff on racial harassment is underway.

The Vice-Chancellor is a member of the UUK's Advisory Group on Tackling Racism and has contributed to development of guidance for the sector on good practice in addressing harassment. The University of London's initiative to enable more consistent reporting and investigation of racist incidents across Member Institutions of the University of London is mentioned as a case study.

On the academic side, colleagues across SAS developed an inspiring programme of events and initiatives with a focus on race equality. These include; the creation of an oral history of the Windrush Generation, the organisation of renowned seminar series on Black British History and the legacies of imperialism, national efforts to decolonise the History curriculum and the international Being Human festival that expands access to the humanities.

In addition, SAS's commitment to carrying out research, providing resources, and facilitating conversations that promote the understanding and destruction of systemic racism, discrimination,

and inequality has led to SAS actively supporting the Solidarity Statement of the Consortium of Humanities Centres and Institutes (CHCI), of which it is a member.

The Institute of English Studies (IES), with financial assistance from the University's Convocation Trust, has established a Postdoctoral Research Fellowship as part of its **Toolkit for Diversity and Inclusion in English Studies** (TIDE) programme. The Fellow will explore forgotten Black and Minority Ethnic histories and participate in initiatives to decolonise the discipline, both within IES and externally with partners University English, the English Association, the Postcolonial Studies Association, and the University of East Anglia.

The University has also reviewed its governance framework for inclusion. Consequently, the renamed Equality and Inclusion Committee will have a more inclusive committee membership with the addition of independent external experts. Actions are also in place for the Nominations and Governance Committee to plan for more diverse representation across all committees in the new governance structure.

Environmental Sustainability

The University of London's work on environmental sustainability continues to be recognised as a leader in the higher education sector. Following the successful leadership and formation of the Universities Zero Carbon Coalition last year, this year with a focus on the impact of the pandemic, the team launched **Resilient Futures**, a new 'zine' (mini-magazine) created in collaboration with the London School of Economics, which showcases student and staff perspectives on sustainability and resilience in times of crisis.

Resilient Futures forms part of the Reduce the Juice sustainability engagement programme at the University of London, which normally involves face-to-face events and workshops with students on themes such as saving energy, saving water and preventing waste.

Relevant and Valued Property

The University is the custodian of an iconic and valuable estate in the heart of London. Ensuring that the estate continues to effectively support the academic activities of the University and its Member Institutions remains the primary objective for its utilisation.

In terms of the accommodation portfolio, **Eleanor Rosa House**, opened its doors in September 2019. A new development in the vibrant new location of Stratford, it stands 33 floors high and features stunning views across the London skyline. A short walk from the main transport hub in the bustling east London neighbourhood, Eleanor Rosa House adds an additional 511 study bedrooms and associated communal space to the University of London's residential portfolio. Constructed by the Watkin Jones Group, Eleanor Rosa House was forward-funded by University Partnerships Programme (UPP), the UK's leading provider of on-campus residential and academic accommodation infrastructure, with UPP now also operating the accommodation for the next 50 years. As part of the University's 'Leading Women' campaign, which last year celebrated the 150th anniversary of women being first admitted to higher education in the UK, the accommodation is named after Eleanor Grove and Rosa Morison, founding principal and vice-principal of College Hall, the University's first hall of residence for female students. On opening Eleanor Rosa House had 100% occupancy.

The continuing low occupancy of **Clandon House** due to its distance from Central London and age, led to the decision to close it in January 2020 enabling its sale. The University received in excess of 30 offers for the freehold interest in this property, which is located in Finchley, and sold this in July 2020 for £8.2m.

The drop in demand for student halls due to the pandemic is viewed as short lived. A number of supporting studies have also been published to demonstrate the continued demand for Higher Education in London from both home and overseas

Strategic Report

students. As these schemes take some time to complete, the University continued to explore options to grow the number of bed spaces it owns.

In 2019-2020, the University completed a number of property transactions in line with its Estates strategy. The opportunity to surrender the long leases for **21-24 Russell Square** from SOAS presented itself in late March 2020. The University recognised this was a strategic opportunity given the location of these assets on the Estate adjacent to IALS in Charles Clore House and moved forward with negotiations completing the surrender of the properties on 31st July 2020 for £9.1m.

The University continued to lease property and accommodation to Member Institutions throughout 2019-2020, and currently leases just over 2,500 sqm of accommodation in our corporate buildings bringing in £1.8m of income.

Awards

The University of London's award winning **'Worldwide Conversation'** on gender equality in higher education and the workplace, which started in London, followed by conversations at a number of Recognised Teaching Centres, won the IPRA (International Public Relations Association) Gold Award in the International Campaign category.

The University was also shortlisted for a National Undergraduate Employability (NUE) Award in the 'Most Improved Commitment to Employability' category, which reinforced its ongoing commitment to its students.

Following a fresh audit, in January 2020, The University was reissued with the Customer Service Excellence Standard award for its worldwide distance learning operations. All areas achieved 100% compliance with both student experience study skills and virtual learning environment resources, and student journey mapping achieved compliance plus - the highest achievable status for the award.

The University won the **Edurank 2020 award** for Best Campaign Promoting International Study for its "Make Yourself at Home" campaign, an award decided by students.

The University has also been shortlisted for University Team of the Year in Property Week's Student Accommodation Awards 2020 for the Intercollegiate Halls.

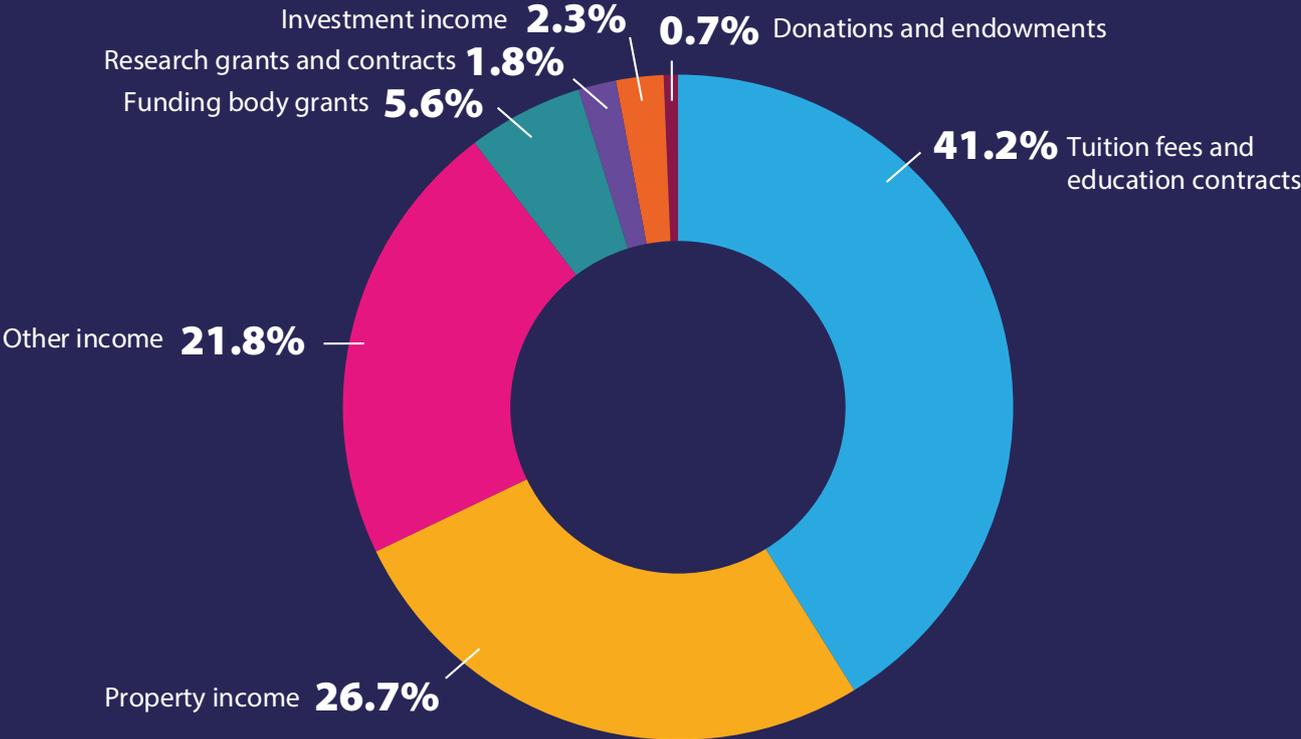
Scope of the Financial Statements.

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

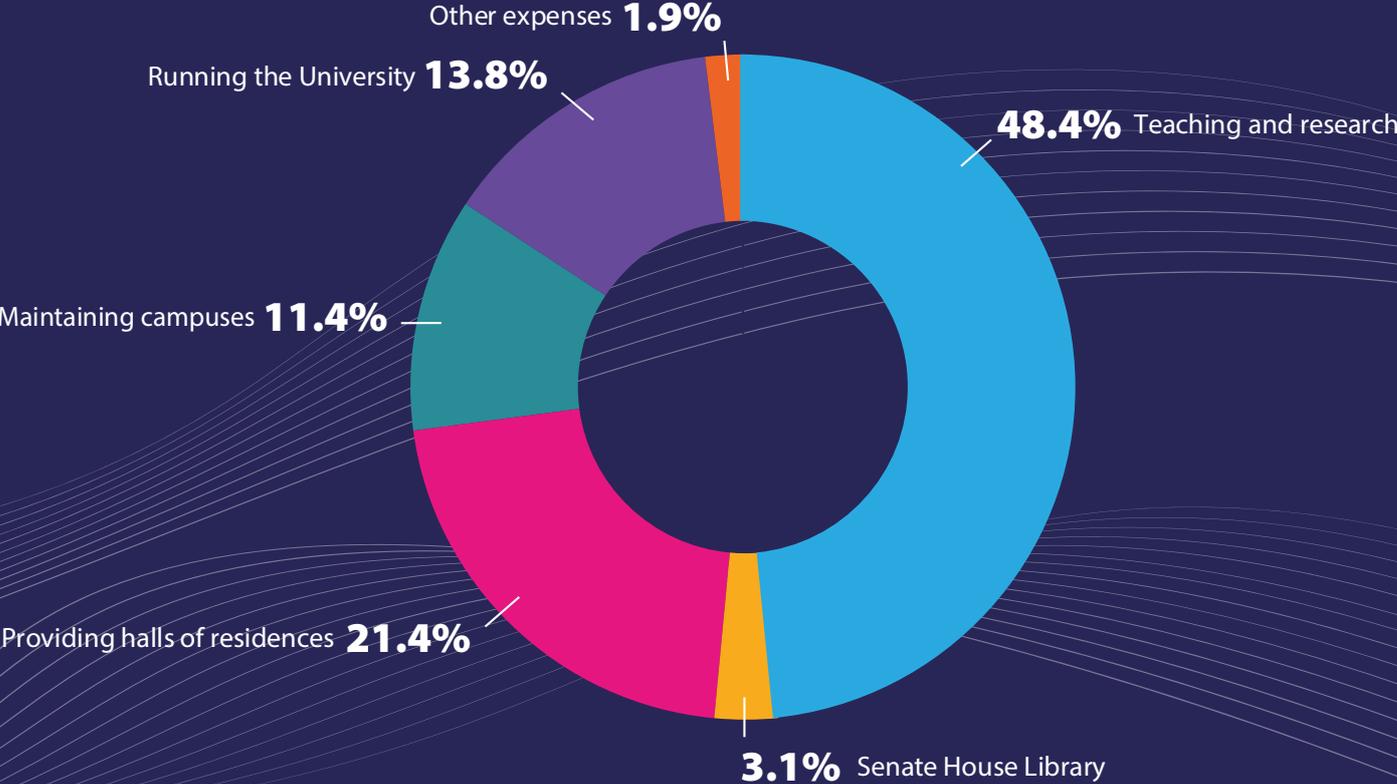
The restrictions put in place in the UK and around the globe to combat the COVID-19 pandemic have led to a significant reduction in income and cash for both the University and Member Institutions. The University secured additional liquidity in June 2020 through securing a Coronavirus Large Business Interruption Loan Scheme (CLBILS) £25 million loan and a £20 million Revolving Credit Facility (RCF) from NatWest, both with a three year tenor. At 31 July 2020, the University has fully drawn down the £25 million CLBILS loan but not utilised any of the RCF.

The impact of the COVID-19 pandemic has been mitigated in these Financial Statements by an increase in the unrealised fair market value of the freehold assets that the University holds as investment properties resulting in the University's performance moving from a deficit of £7.5 million before other gains and losses to a surplus of £42.4 million.

How the University earns its income



How the University spends its income*



* excludes arrangements with Health Education England and USS deficit provision

Operating Results

	Year ended 31 July 2020 Consolidated £'000	Year ended 31 July 2019 Consolidated £'000	Year ended 31 July 2018 Consolidated £'000	Year ended 31 July 2017 Consolidated £'000	Year ended 31 July 2016 Consolidated £'000
Total income	155,413	175,154	174,699	174,032	151,368
Total expenditure excluding USS deficit provision	174,359	178,443	174,184	177,715	153,304
USS deficit provision movement	(11,418)	18,185	(1,821)	(3,210)	1,750
Total expenditure including USS deficit provision	162,941	196,628	172,363	174,505	155,054
(Deficit)/Surplus before other gains and losses	(7,528)	(21,474)	2,336	(473)	(3,686)
Loss on disposal of fixed assets	5,701	-	-	-	(671)
Gain on investments	44,265	11,521	5,573	16,708	13,029
(Deficit)/Surplus before tax	42,438	(9,953)	7,909	16,235	8,672
Taxation	(1)	(1)	(6)	(385)	475
Total comprehensive (expense) / income for the year	42,437	(9,954)	7,903	15,850	9,147

Income

Total income for the year decreased to £155.4 million in 2019-20 from £175.2 million in 2018-19. However, as described in the next paragraph, approximately half of this was expected and unrelated to underlying operating activities. Tuition fees and research income increased compared to 2018-19, with the income from residences, catering and conferences decreasing in response to the COVID-19 pandemic.

£10 million of the decrease in income was expected following the decision by Health Education England (HEE) to transfer the services provided by staff employed by the University of London to HEE. Staff employed by the University to provide these services were transferred to direct employment by HEE from 1 August 2019. Income and related staff costs are correspondingly lower in 2019-20 although there has been no material impact on net surplus/deficit or net cash flow from this change.

Grant and Fee income remain the University's largest source of income and increased by £1.4 million from £74.1 million in 2018-19 to £75.5 million in 2019-20. The largest element relates to the University's distance learning programmes where income grew by 2.5% to £62.3 million showing the resilience of this income stream.

As with the rest of the sector, income from residences, catering and conferences was significantly impacted by the UK lockdown to mitigate the COVID-19 pandemic, with income decreasing by £8.2 million from £43.6 million in 2018-19 to £35.4 million in 2019-20.

Income from Member Institutions subscriptions increased by £1.6 million from the prior year to £14.3 million. These payments are primarily for services provided to our Member Institutions and reflects an increase in the volume of services provided by the University.

Other general income, which includes income generated from services provided to education

establishments outside of the Member Institutions of the University, has decreased by £1 million to £17.1 million, in part reflecting the economic impact of COVID-19. This decrease would have been larger but was offset by the £0.6 million received under the Government's Job Retention Scheme.

Investment income, which relates to income generated from our endowments, our other investments and in the University is a reflection of the distributions from subsidiaries, decreased slightly to £3.6 million, reflecting market turbulence in the year.

Donation income at £1.1 million was significantly lower than income received in the previous year when, exceptionally, two donations over £1 million each had been received.

Expenditure

Total expenditure, excluding the movement in the USS deficit provision, decreased by 2% from £178.4 million in 2018-19 to £174.4 million.

Staff costs remain the largest individual component of expenditure. Excluding the impact of the ending of the arrangement with HEE which reduced staff costs by £10 million, the underlying staff costs of the University and its subsidiaries increased by £5.75 million, an increase of just over 10% on 2018-19. This increase can be explained by the following:

- Approximately half of the increase is due to the agreed increase in employer contributions to USS and the impact of the nationally agreed pay rise
- The rest of the growth reflects increased FTE. Average full time equivalent staff numbers for the University (including subsidiaries) increased by 64 FTE to 989 this year, an increase of 6.9%. This was largely due to the decision to bring security staff in-house as from 1 May 2020, and there is a corresponding decrease in costs for external contractors.

Other operating expenditure decreased by 1% to £104.6 million from £105.3 million in the prior year. This comprises the costs, other than staff costs, in relation to the academic activities, residences and

catering services and other activities across the University. Depreciation costs increased slightly to £6 million.

A new Schedule of Contributions based on the 2018 actuarial valuation was agreed in September 2019 and shows an improvement in the scheme deficit. The USS deficit provision recognised in these Financial Statements has reduced, resulting in a credit of £11.4 million reducing the total recognised expenditure to £162.9 million in 2019-20.

Interest costs increased to £3.1 million from £2.6 million, principally due to the movement in the USS deficit provision mentioned above.

Capital Expenditure

During the year the University has continued to invest in improving and upgrading its teaching and research infrastructure as well as its student facilities, halls of residences and its estate generally. During 2019-20, the University completed the refurbishment plans for Charles Clore House.

The lockdown to contain the COVID-19 pandemic led to a review of capital expenditure plans. Since March 2020, the University has refocused its capital expenditure on supporting the continuing growth of distance learning programmes, moving to online teaching for students in ULIP and SAS and online assessments for all students.

Towards the end of the financial year the University was also able to complete the planned disposal of its freehold interest in Clandon House for significantly more than the original offer level. It also took the opportunity to accept the early surrender of the long leases for 21-24 Russell Square.

Total capital expenditure in 2019-20 was £14.4 million.

Balance Sheet

Net assets at 31 July 2020 totalled £686.8 million, increasing from £644.3 million at 31 July 2019.

Intangible assets have increased to £7.7 million during the year, principally due to the continued investment in the development of new distance

Strategic Report

learning programmes. Fixed assets increased during the year by £3 million to £553 million; this is a combination of increases in assets with the completion of refurbishment work on the estate, offset by the planned disposal of Clandon House.

The market value of the University's property investments has increased by £52.7 million to £151.1 million, reflecting that continuing strength of the market for central London properties despite the impact of the COVID-19. The valuations carried out by CBRE Group is reported as being subject to a "material valuation uncertainty" at 31 July 2020 due to lack of comparable property transactions in the market due to COVID-19. Since 11 October 2020, this material uncertainty clause has been removed. The value of the University's and endowment's investment in the Unified Trust Fund was negatively impacted by the fall in value in non-technology stocks reducing by £8.4 million to £96.3 million. There was no change in the value of heritage assets at £13.2 million.

The provision for the University's share of the pension deficits decreased from £30 million to £19 million due to the change in the deficit contributions contractual commitment in the year.

Trade receivables and also deferred income increased by £12.5 million due to invoices for student accommodation being raised earlier in the cycle in July rather than nearer to term starting making it easier for students to commit to rooms.

Social security and other taxation payable at year end increased by £4.1 million as the University has taken the opportunity offered by the UK government to defer PAYE payments to help manage cash flow constraints caused by COVID-19 pandemic.

Creditors falling due after more than one year increased by £22.8 million to £136.3 million reflecting the drawdown of the new CLBILS loan in June 2020.

There are relatively small movements across other balance sheet items.

Cash Flow, Liquidity and Treasury Management

The impact of the measures to restrict the spread of the COVID-19 pandemic had a significant impact on the cash flow of the University, due to the sudden reduction in income. This resulted in a net cash outflow from operating activities of £5 million. To ensure good financial resilience, the University secured additional liquidity in June 2020 through a £25 million Coronavirus Large Business Interruption Loan Scheme (CLBILS) and a £20 million Revolving Credit Facility (RCF) from NatWest. Both facilities have a three year tenor. At 31 July 2020, the University has fully drawn down the £25 million CLBILS loan but not utilised any of the RCF. Consequently, the University's net debt position has increased from £18 million to £37.6 million.

Cash and cash equivalents have increased by £4.6 million over the year to £36.7 million. This reflects: the net cash outflow from operations; the net cash outflow on investment in capital expenditure and the repurchase of the long leases on 21-24 Russell Square; and the inflow generated from new unsecured loan. Cash and cash equivalents at 31 July 2020 represents 82.1 days of expenditure.

As in prior years, the University has continued to pursue a conservative treasury management policy with appropriate counter party limits and security criteria in place. The treasury management policy, which is agreed by the University's Investments Committee, accords priority to security and liquidity with yield considerations being subordinated to these. Following a selection process in 2016-17, Goldman Sachs Asset Management and Insight Investments were chosen as the University's Money Market Fund Managers. £16.6 million of operational cash was invested in Money Market Funds at year end.

Investment

The endowment funds are invested in the Unified Trust Fund (UTF). The funds within the UTF are invested in line with the agreed Investment Strategy, which provides for a balance between

income and capital growth with a medium level of risk over the longer term. Following the triennial review completed in 2016-17, the primary objective is to achieve a total return, including dividends, interest, rent or other income, and capital appreciation, of RPI +3.5% to +4% per annum, gross of fees, over a rolling 5-year period. The investment strategy splits the fund into three distinct portfolios; Equity, which represents the largest of the three portfolios at approx. 74.4% of the fund value at year end and is managed by Longview LLP (37.2%) and Schroder Investment Management Limited (37.2%); 10.5% in Absolute Return Fund managed by Ruffer AIFM Limited; and 15% in Property which is invested in a property fund managed by Mayfair Capital Investment Management Limited rather than direct specific property investments.

The first quarter of 2020 saw an unprecedented collapse in wider economic activity that caused a sell-off in risk assets. The Fund's investments have recovered some of the losses since the first quarter of 2020, however on a total return basis the performance of the Fund for 2019-20 saw a negative return of -5.3% compared to the Fund's benchmark target return of -0.1%. The benchmarks for the fund reflect the asset holdings and the associated market conditions.

The University investment properties have been subject to a professional valuation as at 31 July 2020 undertaken by CBRE Group, Chartered Surveyors, appointed after a competitive procurement process and replacing Knight Frank LLP. The change in valuation firm has resulted in a change in valuation methodology for 52-60 Gower Street. In 2018-19 the property was valued on its current basis without reference to development potential while in 2019-20 the property has been valued on a development basis. The valuation exercise resulted in the carrying value of the remaining investment properties increasing by £52.7 million, an increase of 59% reflecting that the market for property similar to the University's remains strong despite the COVID-19 pandemic.

Principal Risks and Uncertainties

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

Whilst the University's Collegiate Council determines and advises the Board of Trustees on the collective Member Institutions' view, it is the **Board of Trustees** which is responsible for managing the risks and opportunities faced by the University. The University maintains a Strategic Risk Register which is regularly reviewed by the Board of Trustees and a number of issues are identified as priorities.

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

The world continues to be subject to unprecedented change and uncertainty, which is reflected throughout the assessment of the risks and level of risk. During the year, the University has raised the risk rating in regards to (a) health and safety of staff and students; (b) financial sustainability due to the uncertainties related to the impact of COVID-19 and associated restrictions; (c) business continuity due to significant strain already placed on the University by COVID-19 and (d) organisational change as it has been identified that changes are required to adapt the organisation and capacity to anticipate the university of the future. Senior management have been focused on strategies to mitigate both existing risks along with alertness to changing external circumstances and agility to respond to new risks.

Strategic Report

The University rates generic risk areas in regards to the level of risk concern and the level of concern has increased across all areas of risk due to the impact of the COVID-19 pandemic.

Health and safety is the foremost concern for senior leadership in managing the University's response to the pandemic. COVID-19 is not only a health threat to all staff and students but the measures to combat COVID-19 have led to challenges to staff's mental as well as physical wellbeing. While technology has enabled virtual face to face meetings and business to continue, it has been harder to recreate the sociability of the office environment that supports mental wellbeing. New health and safety policies and management practices have been developed at speed to manage the movement of nearly all the University workforce to working from home and support the ongoing need for homeworking. Additional wellbeing resources and webinars have been developed and rolled out to all staff. Guidance for those who have needed to continue working in the University buildings have been continually updated to reflect the latest guidance from government. PPE is made available to all front of house and security staff with a social distancing plan for all opened buildings developed and clearly communicated to all staff who have needed to be in University buildings to provide teaching and learning to students. The University remains agile to adapting policy and practice as governments respond to the COVID-19 pandemic.

The University is not alone in being concerned about risk to future availability of funding, although it is well positioned to respond to the changing educational landscape, particularly the growth in distance learning.

The UK university sector continues to experience a period of change, with the impact of COVID-19 on UK income streams, the backdrop of the uncertain level of public sector finances, and the implications of the UK decision to leave the EU on student recruitment, access to research networks and funding for higher education. This has led to reductions in the level of central funding and increasing competition as universities vie for the best students and new providers enter the market.

The University's dependency on public funding is less than most other UK universities; these financial statements show that funding from UKRI accounted for 5% of total income. The University does receive specific Research England funding for the SAS's national role in promoting and facilitating research in the Arts and Humanities. The funding is on the basis of a rolling grant with an annual contestable percentage which is subject to the School meeting the objectives set by its Strategic Advisory Board and has been confirmed for 2020-21. Aside from this, the University continues to invest in SAS to realise our own strategic objectives which underpin the University Strategy.

Distance learning programmes are a major source of income for the University, and an area of expertise for more than 150 years. There are both opportunities and threats as the market for distance education is increasingly competitive with new providers, new learning technologies and private capital accelerating the pace of change. The University is continuing to invest in developing new and existing programmes and infrastructure to ensure it retains its position as a world-leading institution in this area. Recruitment to new programmes has been stronger than expected and cash income in 2020-21 to date is ahead of 2019-20, showing the resilience of this income stream and the global demand for higher education provision that enable students to study from their own homes.

Income from student accommodation has been impacted by the restrictions imposed by COVID-19 impact. However, the shortage of student accommodation in London remains and it is expected that the strong appetite for the University's halls of residence will return quickly when restrictions imposed by COVID-19 are lifted.

Looking Forward

The outlook for the University is a positive one. The new University strategy is focussed, clear and purposeful and is well-positioned in a post-COVID world of increased digitisation and online education. The University is underpinned by a strong balance sheet and diversity of income

streams, providing resilience despite the current global uncertainties.

The Board of Trustees has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Board of Trustees is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The forecasts were based on the following key assumptions:

- A 5% growth in distance learning income, in line with student forecast expectations and the launch of new programmes recently developed;
- Residences income 25% lower than the pre-COVID planning, reflecting the continuing impact of COVID-19 on reducing demand for the residences;
- Increased estates revenue, reflecting new leases recently completed;
- Reduced commercial income, reflecting decreased conferencing income as a consequence of COVID-19.

In coming to its final decision that the going concern basis was appropriate the Board of Trustees considered the very latest position on residences income and commercial income, and it noted that the University's financial performance in the three months to 31 October 2020 did not indicate any need to change assumptions in other areas and that cost savings targeted in 2020-21 had been largely underpinned. Up to date downside scenarios were reviewed, and the Board of Trustees were satisfied that actions that might be necessary to assure continued compliance with the University's financing requirements were achievable. Mitigating actions involve restricting planned expenditure on discretionary cost lines and slowing capital expenditure.

The University is guided going forwards by its newly articulated strategic aim: to enrich our academic work in the pursuit of excellence in

education, research and knowledge exchange through collaboration with our Member Institutions; developing academic programmes, networks and partnerships that further our federation's goals across London, the UK and internationally.

In delivering this the University will further our position as the UK's leading provider of distance learning worldwide, develop our unique place in humanities research and transform our organisation, to prepare the University for a successful future.

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

Public Benefit Statement

The University is an exempt charity under the terms of the Charities Act 2011. The Charity Commission for England and Wales has issued guidance on public benefit requiring that there must be clearly identified benefits related to the aims of the charity; that the benefits must be to the public, or to a section of the public; that where the benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by the ability to pay fees; and that people in poverty must not be excluded from the opportunity to benefit.

The objects of the University of London are for the public benefit, to promote education of a university standard and the advancement of knowledge and learning by teaching and research; and to encourage the achievement and maintenance of the highest academic standards.

The University contributes to the advancement of education, but also in a variety of ways to many of the other specific categories of charitable purposes set out in the Charities Act 2011.

The Member Institutions of the University, which are all themselves charities, have included within their respective financial statements for 2019-20 Public Benefit statements in conformity with the reporting requirements of the "Statement of recommended practice: Accounting for further and higher education 2015"; and reference thereto should be made in considering the public benefits delivered by the University.

The University of London is committed to widening participation and access to higher education. We have a proven track record, for more than 150 years, of successfully providing the highest quality education and flexible programmes at an affordable price to students in the UK, in the University's Institute in Paris and globally. It has a proud track record of making education accessible for all, both here in the UK and abroad, where it has 48,000 students in 180 countries. The University's core mission has always been, and continues to be, to offer life-changing access to a university education that meets

every student's needs, and we will support all our students to enable them to achieve the best possible learning outcomes.

As one of the first acts of the new Vice-Chancellor Professor Wendy Thomson CBE, the University signed up to the Social Mobility Pledge. The aims of the Social Mobility Pledge are in keeping with the University of London's deeply held values and longstanding commitment to improving access to higher education.

The University's portfolio of undergraduate and postgraduate programmes encourages and supports access to higher education through a wide variety of modes of study and flexible provision. These include Masters in Poverty Reduction; Applied Educational Leadership and Management; Environmental Management; Clinical Trials; Epidemiology; and Infectious Diseases; Global MBA and Masters in Professional Accountancy. It also offers undergraduate programmes in Computer Science, English, History, Philosophy and Classics; and LLM and LLB degrees. Provision has recently been expanded with the launch of MSc Data Science and BSc programmes. The programmes are priced competitively to enable students, both in the UK and overseas, to access them. The cost of a typical three-year undergraduate programme ranges between £4,000 and £7,000. For fully online web-supported undergraduate programmes, prices are between £11,000 and £15,500.

The University welcomes applications from everyone, without specific tariff requirements and our mission is to ensure that our activities are accessible to all. We are continually improving our student services in order to provide targeted and dedicated support to applicants from their first enquiry through the application process and during enrolment.

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

The School of Advanced Study is the only institution in the UK nationally funded to promote and facilitate research in the humanities and social sciences. The School's events programme, which comprises a wide range of seminars, workshops, lectures and conferences, is unrivalled in scale, focus and quality. The majority of the events are free and open to the public, and all are welcomed and encouraged to take advantage of the access to the current research and interdisciplinary cross fertilisation that these events afford.

Senate House Library is the central library for the University of London and the School of Advanced Study. It provides access to millions of books, journals, special collections, archives and digital resources to support research across the arts, humanities and social sciences. Access continued online through the COVID-19 pandemic, reaching thousands of users around the world via its website, including bespoke digital content created to support Senate House Library's engagement programmes.

The University provides a wide range of affordable accommodation for students across London including: in Intercollegiate Halls of Residence, which offer a diverse and inclusive environment. We recognise the needs of young people who are estranged from their biological or adoptive parents, or who are care-leavers. Through our Estranged Students Policy and Care-Leavers Policy our Intercollegiate Halls of Residence support students to receive any additional help they may need, in order to have a successful university experience. We offer an accommodation scholarship for up to three students in these categories.

This year, the Development Office secured new donor commitments of £2.7 million, as well as expanding its engagement programme for the University's community of alumni, supporters and friends. The University received more than 300 gifts to the 2020 Student Support Appeal, which provided bursaries for distance and flexible learning students affected by the COVID-19 pandemic. Donations received enabled over 40 students (who would otherwise not have been able to continue) to progress with their studies.

The University was also pleased to announce a landmark pledge of £1,145,000 from alumnus József Váradi to establish the Váradi Scholarships, which will have a life-changing impact on 100 students from around the world. József Váradi himself commented: "the scholarship is an enabler to make a difference for those who are keen to learn and develop themselves."

Other key philanthropic achievements included a £500,000 donation from the Marie-Louise von Motesiczky Charitable Trust and a £150,000 gift from the Garfield Weston Foundation, both towards the Warburg Renaissance, a capital redevelopment project at the Warburg Institute.

The University of London recently launched the Refugee Law Clinic that provides pro bono legal advice for refugee clients based on a model of clinical legal education for its diverse student body. More than £150,000 has been raised to support the clinic. Delivered in partnership with two law firms, the Refugee Law Clinic will contribute much-needed pro bono legal services to asylum seekers in London in an under-served area of asylum law and develop partnerships towards this objective. The clinic's main legal focus will be on advising and preparing fresh claims for asylum, an area identified as under serviced in the current legal landscape, and aims to complement the work of law firms and other service providers in London. Through its outreach activities the clinic will also seek to support a number of organisations through developing referral systems and providing legal awareness-raising. This is a high-impact and innovative project with the potential to develop substantially in future.

The University, on behalf of the federation, manages a range of trust funds and endowments. The endowment funds as shown in the balance sheet at 31 July 2020 were carried at their market value, which was £95.8 million, and the sums expended during the year from these funds amounted to £2.6 million (see Note 23 of the Financial Statements). This expenditure represents payments in respect of fellowships and scholarships, prizes, and chairs and lectureship funds, as well as a range of other awards to assist students and researchers within

Public Benefit Statement

the Member Institutions and central academic bodies, thereby providing opportunities to those whose means may otherwise inhibit them from participating in teaching and research activities. A number of trust funds support the development of collections held by Senate House Library; and the trust funds are also utilised to fund an ongoing series of prestigious public lectures, recitals and readings generally in areas connected with the arts and humanities.



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.

1) *What is the approach taken by the University for the purpose of fund-raising, and in particular whether a professional fund-raiser or commercial participator carried on 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 2019-20, these fundraising campaigns were carried out to advance and support the University's mission and included a combination of postal and digital appeals, as well as face-to-face and individual fundraising.

In 2019-20, the University did not use the services of external fundraising agencies.

2) *Was the University or any person acting on our behalf subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, 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. Throughout 2019-20, the University undertook a thorough review of the Code of Fundraising Practice to ensure compliance with all sections of the updated code. The University's evaluation was that we are compliant with all areas of the code. Furthermore, we developed an action plan to ensure that our compliance is robust at all times. We are in the process of setting up the University with the Fundraising Preference Service as part of best practice.

Additionally, the University is an active member of the Council for the Advancement and Support of Education (CASE) and we maintain involvement

with the Institute of Fundraising (IoF), to help us ensure best practice on an ongoing basis.

3) *Was there any failure to comply with a scheme or standard mentioned under paragraph (b)?*

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 IoF or the Direct Marketing Association for the purposes of fundraising or engagement.

4) *Did the University monitor activities carried on by any person on our behalf for the purpose of fund-raising, and, if so, how did it do so?*

The University did not use the services of any non-staff member for fundraising in 2019-20. We have developed guidelines for volunteer fundraisers, in the event that we engage with volunteer fundraisers in future.

The University does, periodically, work with external suppliers such as those who print and send large mailings on our behalf. In these cases, we have robust contracts in place with those companies, including ensuring those companies comply with all data protection legislation.

5) *What is the number of complaints received by the University or a person acting on our behalf about activities carried out for the purpose of fund-raising?*

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 2019-20, we had no complaints about fundraising raised through this process.

6) *What does the University do to protect vulnerable people and other members of the public from behaviour within subsection (2) 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. The University

Fundraising Regulation

proactively cultivates awareness in staff engaged in fundraising of the 'Treating Donors Fairly' guidance provided by the Institute of Fundraising, as well as section 1.3 of the Code of Fundraising Practice, which addresses the need to treat donors fairly. If any member of staff has reason for concern about the potential vulnerability of any constituent or prospective donor, they will not progress further cultivation of that individual until a further assessment can be made. The University adheres to the CASE Zero Tolerance Pledge.

Particularly during recent months, in regards to COVID-19, we have added additional messaging to our fundraising appeals, which acknowledges that financial circumstances may make it difficult for individuals (or organisations) to give. We would never put pressure on any constituent to make a donation. We suggest alternatives, where appropriate, for those who are not currently able to make gifts due to the circumstances around COVID-19 including, for example, participating in one of our free online events, or volunteering their time in a virtual way to support the University.

Corporate Governance Statement

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures of the University. It covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the financial statements on 25 November 2020.

The University endeavours to conduct its business:

- **in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership),**
- **in line with the public interest governance principles and conditions of registration of the Office for Students, and**
- **in full accordance with the guidance provided by the Committee of University Chairs in its “Higher Education Code of Governance (revised June 2018)”.**

The 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 above provides details of the reasons for this confirmation.

The Board of Trustees confirm that during the year ended 31 July 2020:

- 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; and
- the requirements of the OfS’s accounts direction have been met.

The University is an independent corporation which was incorporated originally by Royal Charter in 1836 and is, at present, incorporated by Royal Charter granted in 1863. It is now governed by the University of London Act 2018 and by the Statutes made in 2018 under that Act, which set out its objectives, powers and framework of governance. The University of London is a federal university and, as well as the central academic bodies and central activities included in these financial statements, comprises a further 17 Member Institutions, each of which is itself a higher education institution (HEI), 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: eleven appointed independent persons – all of whom are non-executive; the Vice-Chancellor; the Deputy Vice-Chancellor, who is head of a Member Institution; and four heads of Member Institutions, 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**, which comprises the heads of the 17 Member Institutions of the University; the Vice-Chancellor; the Deputy Vice-Chancellor; the Dean and Chief Executive of the School of Advanced Study; and the Chief Executive of University of London Worldwide. The Collegiate Council is chaired by the Vice-Chancellor. The Collegiate Council is responsible for determining, and advising the Board of Trustees on, the collective view of the Member Institutions in

Corporate Governance Statement

respect of all matters concerning the University of London as an incorporated body, including its strategic direction. It is also responsible for ensuring the proper discharge of the University's academic affairs.

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

The University's Statutes provide that the Board of Trustees shall appoint an Audit and Risk Assurance Committee; and that the Board of Trustees and the Collegiate Council may 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 2020, in addition to the Audit and Risk Assurance Committee, are: Nominations, Remuneration, Estates, Investments, Ethical Acceptance of Donations, Equality and Diversity, Safety, and Trust Funds. All of these committees are formally constituted with terms of reference and include members drawn from the independent membership of the Board of Trustees.

The University undertook a review of its governance during the year, with a final report approved by the Board of Trustees in July 2020. The changes will ensure that the University is fit for purpose and will support the effective delivery of the new University Strategic Plan for 2020-2025. The review included an audit against the latest CUC Higher Education Code of Governance, as well as regulatory or legislative changes. To implement the recommendations of the review, the Board of Trustees established a Finance Committee; renamed the Nominations Committee as the Nominations and Governance Committee; added ethical acceptance of donations to the remit of the Audit and Risk Assurance Committee; renamed the Equality and Diversity Committee as

the Equality and Inclusion Committee; made the Safety Committee into a management committee; delegated authority over trust funds to the Vice Chancellor's Executive Group; and disbanded Ethical Acceptance of Donations and Trust Funds Committees from 1 August 2020. Further changes will be made in the coming twelve months.

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 regards to the University's ongoing conditions of registration with OfS, provides oversight of the University's management of strategic and significant operational risks, meeting with the external auditors to discuss audit findings and with the internal auditors to consider their detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans.

The Audit and Risk Assurance Committee also monitors adherence to regulatory requirements; and considers reports from OfS as they affect the University's activities. The Committee advises the Board of Trustees on the appointment and remuneration of the external and internal auditors, with whom it meets for independent discussions. From 1 August 2020, it also considers proposed donations to the University. Whilst senior executives attend the meetings of the Committee as necessary, they are not members of the Committee. The Committee considers, and recommends to the Board of Trustees, comprehensive Financial Regulations for the conduct of the financial affairs of the University, and reviews the University's annual report and annual financial statements together with the accounting policies before recommendation to the Board of Trustees for approval.

The **Nominations and Governance Committee** considers nominations for independent vacancies on the Board of Trustees. In line with the University's commitment to access and equal opportunities, the Committee seeks to achieve a balance of membership on the Board of Trustees in terms of both skills, different lived experiences and

benefits that diversity can bring to a university that is truly global. These are important considerations for the Committee in selecting members of the Board of Trustees. Vacancies are advertised openly and appropriately. As part of the implementation of the Governance Review, consideration will be given to expanding the role of the Committee to appointments to all committees and Honorary Awards of the University.

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

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

The **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 **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 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.

Following the passage of the University of London Act 2018, the University is supporting 12 Member Institutions who are seeking the title of "University". The grant of university title would enable them to possess university status in their own right (as opposed to through the University of London). None have expressed intention to change their legal or trading names upon the award of university title.

Membership and Responsibilities of the Board of Trustees

Membership

Period 1 August 2019 to 25 November 2020 (unless otherwise stated):

Independent Members	Period of office
Jane Andrewartha	
Stella Beaumont	
Abdul Bhanji	
Philip Clark	
Sir Richard Dearlove (Chair)	
Andrew Halper	
Kieran Murphy	
Andrew Ratcliffe	
Malcolm Roberts	
Mark Storey	
Rosalyn Wilton	
Vice-Chancellor	
Professor Wendy Thomson	
Deputy Vice-Chancellor	
Professor Paul Layzell, Principal of Royal Holloway, University of London	
Representative Head of Member Institution	
The Baroness Amos of Brondesbury, Director of SOAS University of London	Until 31 July 2020
Professor Michael Arthur, President and Provost of UCL	
Professor Sir Edward Byrne, President and Principal of King's College London	
Professor Frances Corner, Warden of Goldsmiths, University of London	From 1 August 2020
Professor Stuart Reid, Principal of the Royal Veterinary College	

The **Board of Trustees** is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students' 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.

They are required to prepare 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. 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 parent university and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent university financial statements, the Board of Trustees are 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 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; and
- use the going concern basis of accounting unless they either intend 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 proper accounts and proper records in relation to the accounts. The Trustees are responsible for such internal control as they determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them 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;
- funds provided by the Office for Students and Research England 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; and
- 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Internal Control by the Board of Trustees

As the governing body of the University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Board 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 2020 and up to the date of approval of the financial statements on 25 November 2020, 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 carried out during the year ended 31 July 2020:

- 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 risk, 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 Trustees of the effectiveness of the system of internal control is informed by the work of the internal auditors, Uniac, to the standards defined in the Audit Code of Practice (Annex C to the OfS Terms and Conditions of Funding for higher education institutions). In addition to assessing the effective management of risk, the internal control framework is also assessed against the University's ability to deliver value for money for students.

On conclusion of Deloitte LLP's contract, and in line with the OfS's recommendations, the Audit and Risk Assurance Committee conducted a re-tendering exercise for the provision of external audit services. The tender specification paid due regard to matters of audit quality, assurance and value for money. Having concluded this process, the Board of Trustees formally appointed KPMG LLP as the University's external auditors for the year ended 31 July 2020.

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the University of London ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet and Consolidated Cash Flow Statement and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and 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 with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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 they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the

University's financial position means that this is realistic. They have 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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 the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

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 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.

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

Board of Trustee's responsibilities

As explained more fully in their statement set out on page 33, the Board of Trustees 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;
- income has been applied in accordance with the University's Statutes and
- 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.

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 the Charters and Statutes of the institution. 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 for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

30 November 2020

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 companies is Senate House, Malet Street, London, WC1E 7HU.

Basis of preparation

The Group and parent University 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 Terms and conditions of funding for higher education institutions issued by the Office for Students and the 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 Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Board of Trustees' Report. The Board of Trustees' Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Board of Trustees considers to be appropriate for the following reasons:

The Board of Trustees have prepared cash flow forecasts for a period of 12 months from the date

of approval of these financial statements. After reviewing these forecasts the Board of Trustees is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The base case scenario considered in these forecasts has the following key assumptions:

- A 5% growth in distance learning income, in line with student forecast expectations and the launch of new programmes recently developed;
- Residences income 25% lower than the pre-COVID planning, reflecting the continuing impact of COVID-19 on reducing demand for the residences;
- Increased estates revenue, reflecting new leases completed in November 2020;
- Reduced commercial income, reflecting decreased conferencing income as a consequence of COVID-19.

In coming to its final decision that the going concern basis was appropriate the Board of Trustees considered the very latest position on residences income and commercial income, and it noted that the University's financial performance in the three months to 31 October 2020 did not indicate any need to change assumptions in other areas and that cost savings targeted in 2020/21 had been largely underpinned. Up to date downside scenarios were reviewed, and the Board of Trustees were satisfied that actions that might be necessary to assure continued compliance with the University's financing requirements were achievable. Mitigating actions involve restricting planned expenditure on discretionary cost lines and slowing capital expenditure.

Consequently, the Board of Trustees is confident that the Group and parent University will have sufficient funds 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

Statement of the University's Principal Accounting Policies

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 companies. Intra-group sales and profits are eliminated fully on consolidation.

Related party transactions

The University is partly funded by subscriptions from the Member Institutions within the federation and by charges for specific services supplied by the University to Member Institutions. Heads of Member Institutions within the federation are ex officio members of the Collegiate Council. The Member Institutions are not related parties because of their autonomy as independent higher education institutions.

Taxation

The University is an exempt charity under section 22 and Schedule 3 to the Charities Act 2011 and as such is a charitable company within the meaning of Part 11 of the Corporation Tax Act 2010 (CTA). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the CTA 1990 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied only to charitable purposes.

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

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

Foreign currencies

Transactions made in foreign currency are recorded at the 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 weekly year-end rate, and gains and losses arising on conversion 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. This consists of both assets owned by the University and assets held by the University on a

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

and depreciated over the useful economic life of the refurbishment asset.

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

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

Assets under construction

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

Plant and equipment

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

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

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

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

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

Borrowing costs

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

Statement of the University's Principal Accounting Policies

Leases: University as lessee

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

Finance lease

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

Operating lease

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

Leases: University as lessor

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

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 instruments, hedging instruments and asset-backed securities.

Complex financial instruments are recognised initially and held at fair value with changes in fair value taken directly to the Statement of Comprehensive Income.

Cash flows and liquid resources

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

Provisions and contingent liabilities

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

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

Pensions

The University participates in the University Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). These are externally funded defined benefits schemes which are contracted out of the State Second Pension. The liabilities of both these schemes are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the schemes.

The University contributes to the National Health Service Pension Scheme (NHSPS), an unfunded defined benefit scheme for the academic and non-academic staff at the Local Education and Training Boards (LETBs), which replaced the London and Kent, Surrey and Sussex (KSS) Deaneries in April 2013.

Statement of the University's Principal Accounting Policies

The University complies with FRS 102 28.11. Its defined benefit schemes (USS, SAUL and NHSPS) are all multiemployer schemes and, accordingly, given that it is not possible to identify the University's underlying share of their assets and liabilities, are accounted for as if they were defined contribution schemes. Contributions to defined contribution schemes, or schemes treated as defined contribution schemes, are recognised as an expense where already paid by year end, or are recognised as a liability where not paid by year end.

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

The University also contributes to the French State Social Security System, an unfunded defined contribution scheme for the academic and non-academic staff at the University of London Institute in Paris; to Aegon, a defined contribution scheme, for the staff of CoSector Limited; to Singapore Central Provident fund, a defined contribution system, for the staff of Senate House Worldwide Limited Singapore branch; and to the National Employment Savings Trust, a defined contribution scheme, for individuals employed via CoSector's Temp Agency.

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 statements of comprehensive income on entitlement to income when the performance conditions are met.

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

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

Restricted donations which could not be spent

within a short period of time are recognised as expendable endowments.

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

Permanently restricted endowments comprise donations to the University and Trusts of which the University is a Trustee where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective. Income is recognised in the Statement of Comprehensive Income on entitlement. Donation income, any investment income arising from investment of the funds, and expenditure incurred in line with the purpose of the donation or Trust, form part of the creation of, and movement in, permanent endowment reserves.

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.

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 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	64,017	64,017	62,629	62,629
Funding body grants	2	8,673	8,673	8,704	8,704
Research grants and contracts	3	2,836	2,836	2,742	2,742
Property income	4	41,439	40,222	49,337	46,210
Other income	5	33,826	30,261	44,374	39,338
Investment income	6	3,556	3,720	4,076	5,433
Donations and endowments	7	1,066	1,066	3,292	3,292
Total income		155,413	150,795	175,154	168,348
Expenditure					
Staff costs excluding USS pension deficit movement	8	60,743	60,162	65,058	64,235
USS pension deficit movement		(11,418)	(11,418)	18,185	18,185
Total Staff costs		49,325	48,744	83,243	82,420
Other operating expenses	10	104,611	100,696	105,253	99,383
Depreciation	13	5,952	5,911	5,529	5,442
Interest and other finance costs	9	3,053	3,053	2,603	2,603
Total expenditure	10	162,941	158,404	196,628	189,848
(Deficit) / Surplus before other gains and losses		(7,528)	(7,609)	(21,474)	(21,500)
Gain on disposal of fixed assets		5,701	5,701	-	-
Gain on investments	16	44,265	44,341	11,521	11,835
(Deficit) / Surplus before tax		42,438	42,433	(9,953)	(9,665)
Taxation	11	(1)	-	(1)	-
Total comprehensive income and expenditure for the year		42,437	42,433	(9,954)	(9,665)
Represented by					
Endowment comprehensive income for the year		(7,535)	(7,535)	5,096	5,096
Restricted comprehensive income for the year		86	86	112	112
Unrestricted comprehensive income and expenditure for the year		49,886	49,882	(15,162)	(14,873)
		42,437	42,433	(9,954)	(9,665)

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

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

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

For the year ended 31 July 2020

Consolidated	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2018	90,720	209	563,401	654,330
(Deficit)/surplus from the income and expenditure statement	7,706	859	(18,519)	(9,954)
Release of restricted funds spent in year	(2,610)	(747)	3,357	-
Total comprehensive income and expenditure for the year	5,096	112	(15,162)	(9,954)
Balance at 1 August 2019	95,816	321	548,239	644,376
(Deficit)/surplus from the income and expenditure statement	(4,653)	434	46,656	42,437
Release of restricted funds spent in year	(2,882)	(348)	3,230	-
Total comprehensive income and expenditure for the year	(7,535)	86	49,886	42,437
Balance at 31 July 2020	88,281	407	598,125	686,813

University	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2018	90,720	209	563,114	654,043
(Deficit)/surplus from the income and expenditure statement	7,706	859	(18,230)	(9,665)
Release of restricted funds spent in year	(2,610)	(747)	3,357	-
Total comprehensive income and expenditure for the year	5,096	112	(14,873)	(9,665)
Balance at 1 August 2019	95,816	321	548,241	644,378
(Deficit)/surplus from the income and expenditure statement	(4,653)	434	46,652	42,433
Release of restricted funds spent in year	(2,882)	(348)	3,230	-
Total comprehensive income and expenditure for the year	(7,535)	86	49,882	42,433
Balance at 31 July 2020	88,281	407	598,123	686,811

Consolidated and University Balance Sheet

at 31 July 2020

	Notes	At 31 July 2020		At 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets	12	7,702	7,702	6,982	6,982
Fixed assets	13	553,389	553,353	550,055	549,978
Heritage assets	13, 14	13,200	13,200	13,200	13,200
Non-current investments	16	258,917	259,850	205,560	206,417
Debtors: amounts falling due after more than one year	18	-	1,826	-	1,777
		833,208	835,931	775,797	778,354
Current assets					
Stock	17	398	398	700	700
Trade and other receivables	18	28,129	27,275	17,875	19,039
Cash and cash equivalents	25	36,668	33,480	32,062	26,978
		65,195	61,153	50,637	46,717
Less: Creditors: amounts falling due within one year	19	(55,479)	(54,162)	(36,643)	(35,278)
Net current assets		9,716	6,991	13,994	11,439
Total assets less current liabilities		842,924	842,922	789,791	789,793
Creditors: amounts falling due after more than one year	20	(136,454)	(136,454)	(113,479)	(113,479)
Provisions					
Pension provisions	21	(19,039)	(19,039)	(29,971)	(29,971)
Other provisions	21	(618)	(618)	(1,965)	(1,965)
Total net assets		686,813	686,811	644,376	644,378
Restricted reserves					
Income and expenditure reserve - endowment reserve	23	88,281	88,281	95,816	95,816
Income and expenditure reserve - restricted reserve	24	407	407	321	321
Unrestricted reserves					
Income and expenditure reserve - unrestricted		598,125	598,123	548,239	548,241
Total reserves		686,813	686,811	644,376	644,378

The financial statements were approved by the Board of Trustees on 25 November 2020 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 2020

	Notes	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year before tax		42,438	(9,953)
Adjustment for non-cash items			
Depreciation	13	5,952	5,529
Amortisation of intangibles	12	2,049	1,477
Loss/(gain) on investments	16	(43,953)	(12,313)
Decrease/(increase) in stock	17	302	169
Decrease/(increase) in debtors	18	(10,254)	2,320
Increase/(decrease) in creditors	19, 20	17,552	(2,375)
Increase/(decrease) in pension provision	21	(10,932)	18,438
Increase/(decrease) in other provisions	21	(1,347)	1,142
Adjustment for investing or financing activities			
Investment income	6	(3,556)	(4,076)
Interest payable	9	2,494	2,520
(Gain)/loss on the sale of fixed assets		(5,701)	-
Capital grant income	2	(78)	(83)
Cash flows from operating activities		(5,034)	2,795
Taxation	11	(1)	(1)
Net cash (out)/inflow from operating activities		(5,035)	2,794
Cash flows from investing activities			
Proceeds from sales of tangible assets		8,077	-
Capital grants receipts	2	78	83
Investment income	6	3,556	4,076
Payments made to acquire fixed assets	13	(11,661)	(13,714)
Payments made to acquire intangible assets	12	(2,769)	(2,690)
New non-current asset investments	16	(9,404)	(375)
		(12,123)	(12,620)
Cash flows from financing activities			
Interest paid	9	(2,494)	(2,520)
New unsecured loans	20	25,000	-
Repayment of borrowings	19	(742)	(533)
		21,764	(3,053)
Increase/(Decrease) in cash and cash equivalents			
in the year		4,606	(12,879)
Cash and cash equivalents at beginning of the year	25	32,062	44,941
Cash and cash equivalents at end of the year	25	36,668	32,062

Notes to the Financial Statements

For the year ended 31 July 2020

Notes	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts				
Distance learning students	62,337	62,337	60,791	60,791
Full-time home and EU students	448	448	435	435
Full-time overseas students	424	424	422	422
Part-time students	808	808	981	981
	64,017	64,017	62,629	62,629
2 Funding body grants				
Recurrent grant				
Research England	8,595	8,595	8,621	8,621
Capital grant	78	78	83	83
	8,673	8,673	8,704	8,704
3 Research grants and contracts				
Research councils	697	697	707	707
Research charities	612	612	976	976
Government (UK and overseas)	1,305	1,305	698	698
Other	222	222	361	361
	2,836	2,836	2,742	2,742
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	10	10	20	20
Grant income from other bodies	11,499	11,499	11,426	11,426
Fee income for research awards	613	613	540	540
Fee income from non-qualifying courses	486	486	667	667
Fee income for taught awards	62,918	62,918	61,422	61,422
	75,526	75,526	74,075	74,075
4 Property income				
Residences, catering and conferences	35,370	34,153	43,596	40,469
Estates revenue	6,069	6,069	5,741	5,741
	41,439	40,222	49,337	46,210
5 Other income				
Member institutions: Subscriptions and charges	14,255	14,255	12,671	12,671
Other revenue grants	642	642	639	639
Job Retention Scheme	595	556	-	-
Other income	16,591	13,065	18,144	13,108
Arrangements with HEE	1,743	1,743	12,920	12,920
	33,826	30,261	44,374	39,338

Notes to the Financial Statements

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
6 Investment income					
Investment income on endowments	23	2,123	2,123	2,671	2,671
Other investment income		1,433	1,597	1,405	2,762
		3,556	3,720	4,076	5,433
7 Donations and endowments					
Donations with restrictions	23, 24	381	381	892	892
Unrestricted donations		685	685	2,400	2,400
		1,066	1,066	3,292	3,292
8 Staff costs					
Staff costs :					
Salaries		43,621	43,148	48,185	47,476
Social security costs		5,146	5,070	5,606	5,527
Movement on USS provision		(11,418)	(11,418)	18,185	18,185
Movement on SAUL provision		-	-	-	-
Other pension costs		11,976	11,944	11,267	11,232
Total		49,325	48,744	83,243	82,420
The above is analysed as follows:					
University and Subsidiaries		49,320	48,739	73,181	72,358
HEE		5	5	10,062	10,062
Total		49,325	48,744	83,243	82,420

Included within Salaries is £1.1m in relation to employee holiday allowances that have been accrued but not taken.

	2020 No.	2019 No.
Average full time equivalent staff numbers:		
University and subsidiaries	989	925
HEE	-	134
	989	1,059

In May 2020, the University brought its security provision in-house, which involved the transfer in of c. 35 individuals.

The University had had a supply of staff arrangement in place with HEE for a number years. In August 2019, the University transferred the staff supplied under this arrangement to HEE.

Notes to the Financial Statements

For the year ended 31 July 2020

8 Staff costs continued

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

	2020 No.	2019 No.
£100,000 to £104,999	5	5
£105,000 to £109,999	3	1
£110,000 to £114,999	5	4
£115,000 to £119,999	1	1
£120,000 to £124,999	1	2
£125,000 to £129,999	2	-
£145,000 to £149,999	-	1
£155,000 to £159,999	1	1
£160,000 to £164,999	1	1
£165,000 to £169,999	1	-
£220,000 to £224,999	-	-
£225,000 to £229,999	-	1
£230,000 to £234,999	1	-
	21	17

Total remuneration of the Vice-Chancellor

	Year ended 31 July 2020 £	Year ended 31 July 2019 £
Basic salary	290,000	233,393
Payments in lieu of pension contributions	23,400	-
Performance related pay, bonuses and other remuneration	-	-
Taxable and non-taxable benefits	-	-
Pension contributions	-	-
	313,400	233,393

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

The role of Vice-Chancellor of the University of London is unique as it combines the role of chief-executive of a prestigious high-performing organisation with convening a federal community of seventeen other independent universities. The University collaborates to deliver a range of world-leading education-based services and through its online, blended and flexible learning programmes, reaches out to thousands of students across more than 190 countries globally. The University also has a significant property portfolio. The University employs c.1000 staff and generates annual income in excess of £155 million.

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

The Vice-Chancellor's remuneration has been determined by the University's Remuneration Committee. The Committee is responsible for reviewing the Vice-Chancellor's performance against expectations set by the Chair of the Board of Trustees. At its meeting held in November 2019 the Committee agreed the Vice-Chancellor would be engaged on a full time basis with this position to be reviewed in November 2020. The Vice-Chancellor's remuneration is currently aligned with the upper quartile of basic pay for Heads of Institution in the UCEA 2019 Senior Staff Remuneration Survey (Pre-92 universities by institutional income). The current Vice-Chancellor receives a payment in lieu of pension contributions consistent with an agreement reached by the University's Remuneration Committee in 2016 to offer a cash supplement to high earning individuals impacted by changes in the Lifetime Tax Allowance.

The Vice-Chancellor has continued to lead on operations of significant complexity in a challenging financial environment, whilst maintaining a focus on re-articulating the University's mission and shaping its strategy so as to re-define the modern university, reimagining research and education for a diverse and complex world.

Notes to the Financial Statements

For the year ended 31 July 2020

8 Staff costs continued

Pay Ratios

The full-time equivalent basic salary of the Vice Chancellor during the year was 7.8 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 (2019: 7.9, 8.0 and 8.1). Basic salary includes basic annual full time equivalent pay only.

The full-time equivalent total remuneration of the Vice-Chancellor during the year was 7.2 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 (2019: 7.0, 7.1 and 7.5). 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 who are included in the Staff Return submitted to HESA and reported in real time. This excludes agency staff, self-employed contractors, honorary contracts where the contract is not deemed to be a contract of employment, staff employed directly by CoSector Limited, contractors paid via a personal services company, overseas staff, staff employed via the CoSector Temp Agency, and examiners. The University collects FTE data in order to submit the Staff Return to HESA, and these categories of staff are not included in the HESA Staff Return. As a result these categories of staff have been excluded from the calculation of median pay because FTE data has not been collected and verified for them and the data is not held in an easily accessible format that could be collated within the timescales available.

Compensation for loss of office

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

	Year ended 31 July 2020		Year ended 31 July 2019	
	£'000	No. of staff	£'000	No. of staff
University and subsidiaries	623	39	222	24
HEE	-	-	31	4

The University undertook a significant change programme affecting two areas of its operations in the autumn of 2019 with a number of individuals exiting voluntarily on enhanced redundancy terms and many receiving payment in lieu of contractual notice. This programme 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 eight (2019: eight) members of staff who, along with the Vice-Chancellor, are members of the Vice Chancellor's Executive Group, and the members of the Board of Trustees, none of whom are remunerated for their services (see note 30).

	Year ended	Year ended
	31 July 2020	31 July 2019
	£'000	£'000
Key management personnel compensation	1,271	1,202

9 Interest and other finance costs

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Loan interest	2,494	2,494	2,520	2,520
Exchange differences	73	73	(170)	(170)
Net charge on pension scheme	22	486	253	253
	3,053	3,053	2,603	2,603

Notes to the Financial Statements

For the year ended 31 July 2020

10 Analysis of total expenditure by activity

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	80,000	79,930	78,947	78,861
Premises	15,860	15,859	17,212	17,213
Residences, catering and conferences	34,998	34,015	32,038	29,952
Administration and central services	21,409	21,401	16,760	17,123
Defined benefit pension deficit movement	(11,418)	(11,418)	18,185	18,185
Research grants and contracts	2,659	2,659	2,507	2,507
Other expenses	19,428	15,953	20,900	15,929
Arrangements with HEE	5	5	10,079	10,078
	162,941	158,404	196,628	189,848
Other operating expenses include:				
External auditor's remuneration in respect of statutory audit services (inclusive of VAT)	154		-	
External auditor's remuneration in respect of non-statutory audit services (inclusive of VAT)	4		-	
External auditor's remuneration in respect of other services (inclusive of VAT)	125		-	
Remuneration in respect of prior year external auditors (inclusive of VAT)	-		145	
Operating lease rentals				
Land and buildings	2,223		2,299	
Other	193		190	
Stock recognised as an expense	157		286	

Analysis of total consolidated expenditure by activity and by nature

	Staff costs 2020 £'000	Defined benefit pension deficit movement 2020 £'000	Other operating expenses 2020 £'000	Depreciation 2020 £'000	Finance costs 2020 £'000	Total expenditure 2020 £'000	Total expenditure 2019 £'000
Academic and related expenditure	30,947	-	48,752	301	-	80,000	78,947
Premises	2,947	-	9,399	3,514	-	15,860	17,212
Residences, catering and conferences	1,902	-	28,768	1,972	2,356	34,998	32,038
Administration and central services	11,925	-	8,787	-	697	21,409	16,760
Defined benefit pension deficit movement	-	(11,418)	-	-	-	(11,418)	18,185
Research grants and contracts	1,764	-	895	-	-	2,659	2,507
Other expenses	11,253	-	8,010	165	-	19,428	20,900
Arrangements with HEE	5	-	-	-	-	5	10,079
	60,743	(11,418)	104,611	5,952	3,053	162,941	196,628

Notes to the Financial Statements

For the year ended 31 July 2020

11 Taxation

	2020 Consolidated £'000	2019 Consolidated £'000
Recognised in the Statement of Comprehensive Income		
Current tax		
Current tax expense	-	-
Foreign tax suffered in current year	1	1
Adjustment in respect of previous years	-	-
Research and Development Tax Credits	-	-
Current tax expense	1	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	1

12 Intangible assets

	Course development £'000	Assets in the course of construction £'000	Website development £'000	Software £'000	Total £'000
University and Consolidated					
Opening balance at 1 August 2019	2,949	1,002	328	2,703	6,982
Additions in the year	-	2,769	-	-	2,769
Transfers	1,658	(2,277)	282	337	-
Disposals	-	-	-	-	-
Amortisation charge for the year	(1,126)	-	(205)	(718)	(2,049)
Closing balance at 31 July 2020	3,481	1,494	405	2,322	7,702

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 2020

13 Tangible assets

	Freehold land £'000	Freehold buildings £'000	Leasehold land and buildings £'000	Assets in the course of construction £'000	Plant and equipment £'000	Heritage assets £'000	Total £'000
Consolidated							
Cost or valuation							
At 1 August 2019	165,333	365,263	27,004	11,318	10,741	13,200	592,859
Additions	-	-	77	11,593	33	-	11,703
Transfers	-	18,476	1,390	(20,057)	191	-	-
Disposals	(1,840)	(570)	-	(41)	-	-	(2,451)
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2020	163,493	383,169	28,471	2,813	10,965	13,200	602,111
Depreciation							
At 1 August 2019	-	(18,651)	(3,285)	-	(7,668)	-	(29,604)
Charge for the year	-	(4,615)	(590)	-	(747)	-	(5,952)
Disposals	-	34	-	-	-	-	34
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2020	-	(23,232)	(3,875)	-	(8,415)	-	(35,522)
Net book value							
At 31 July 2020	163,493	359,937	24,596	2,813	2,550	13,200	566,589
At 31 July 2019	165,333	346,612	23,719	11,318	3,073	13,200	563,255
University							
Cost and valuation							
At 1 August 2019	165,333	365,263	27,004	11,318	10,291	13,200	592,409
Additions	-	-	77	11,593	33	-	11,703
Transfers	-	18,476	1,390	(20,057)	191	-	-
Disposals	(1,840)	(570)	-	(41)	-	-	(2,451)
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2020	163,493	383,169	28,471	2,813	10,515	13,200	601,661
Depreciation							
At 1 August 2019	-	(18,651)	(3,285)	-	(7,295)	-	(29,231)
Charge for the year	-	(4,615)	(590)	-	(706)	-	(5,911)
Disposals	-	34	-	-	-	-	34
Reclassification of property	-	-	-	-	-	-	-
At 31 July 2020	-	(23,232)	(3,875)	-	(8,001)	-	(35,108)
Net book value							
At 31 July 2020	163,493	359,937	24,596	2,813	2,514	13,200	566,553
At 31 July 2019	165,333	346,612	23,719	11,318	2,996	13,200	563,178

Notes to the Financial Statements

For the year ended 31 July 2020

14 Heritage assets

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

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

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

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

No new heritage assets have been purchased or donated during the year ended 31 July 2020. During the year ended 31 July 2019, there was a transfer in the ownership of the CNAA Art Collection Trust to the University on 1 August 2018. The transfer included 30 works of art. These were valued by Coram James at the transfer date of 1 August 2018 at a total of £239,450.

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

15 Service concession arrangements

The University has two off-Balance Sheet arrangements, 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 2020

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 2019	-	89,350	7,790	12,604	92,197	201,941
Additions	-	9,100	359	-	-	9,459
Property reclassification	-	-	-	-	-	-
Transfers from cash	-	-	-	-	(55)	(55)
Revaluation	-	52,695	-	(1,262)	(7,168)	44,265
At 31 July 2020	-	151,145	8,149	11,342	84,974	255,610
Short-term deposits and cash	-	-	-	-	3,307	3,307
	-	151,145	8,149	11,342	88,281	258,917
University						
At 1 August 2019	857	89,350	7,790	12,604	92,197	202,798
Additions	-	9,100	359	-	-	9,459
Property reclassification	-	-	-	-	-	-
Transfers from cash	-	-	-	-	(55)	(55)
Revaluation	-	52,695	-	(1,262)	(7,168)	44,265
Subsidiaries' net assets movement	76	-	-	-	-	76
At 31 July 2020	933	151,145	8,149	11,342	84,974	256,543
Short-term deposits and cash	-	-	-	-	3,307	3,307
	933	151,145	8,149	11,342	88,281	259,850
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						5,263
UPP Duncan House (Holdings) Limited share capital and premium						157
UPP Duncan House (Holdings) Limited loan						2,518
						8,149

Notes to the Financial Statements

For the year ended 31 July 2020

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 2020 CoSector Limited had net assets of £894,000 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 2020 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 2020 Senate House Worldwide Limited had net assets of £41,000 and accordingly, in the Balance Sheet of the University at this date, the value of investments, including the subsidiary, is increased by this amount.

Prosum Shared Services 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 2020 by CBRE Ltd, Chartered Surveyors (valuation as at 31 July 2019 was carried out by Knight Frank LLP). The change in valuation firm has resulted in a change in valuation methodology for 52-60 Gower Street. In 2018/19 the property was valued on its current basis without reference to development potential. In 2019/20 the property has been valued on a development basis. The remaining properties continue to be valued by capitalising both the term at passing rent and the reversionary interest at market rent. Appropriate yields have been applied to the term and reversion respectively in order to provide an investment value of the University's interest in the land and buildings after making allowance for purchaser's costs.

The property markets have been negatively impacted as a consequence of COVID-19. Therefore, the valuation carried out by CBRE Ltd is reported as being subject to a 'material valuation uncertainty' due to the unknown future impact that COVID-19 might have on the real estate market as at 31 July 2020. The University is satisfied that the balances reported are not materially misstated. Since 11 October 2020, this material uncertainty clause has been removed and there has been no significant movement in the property market that would impact these valuations.

Investment in the Unified Trust Fund

The holdings in the Unified Trust Fund are held at market value. Most institutional and retail investor property funds, including Property Income Trust for Charities (PITCH) suspended dealing following FCA best practice given the material uncertainty as property markets were negatively impacted by COVID-19 in Q1 2020. As PITCH was suspended at 31 July 2020, the valuation of PITCH in these financial statements is based on NAV for this fund rather than bid pricing. PITCH reopened for dealing on 22 September 2020.

17 Stock

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Finished goods	398	398	700	700
	398	398	700	700

Notes to the Financial Statements

For the year ended 31 July 2020

18 Trade and other receivables

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grants receivables	201	201	203	203
Other trade receivables	17,559	16,928	5,100	4,560
Other receivables	2,238	2,235	4,791	4,785
Prepayments	2,576	2,491	1,987	1,923
Accrued income	5,555	5,406	5,794	5,186
Amounts due from subsidiary companies	-	14	-	2,382
	28,129	27,275	17,875	19,039
Amounts falling due after more than one year:				
Amounts due from subsidiary companies	-	1,826	-	1,777
	28,129	29,101	17,875	20,816

19 Creditors: amounts falling due within one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Trade payables	918	873	1,802	1,779
Social security and other taxation payable	5,005	4,925	911	877
Accruals	17,585	17,092	19,413	18,859
Deferred income	28,825	28,214	10,637	9,853
Other payables	2,384	2,296	3,038	3,024
Unsecured loans repayable within one year	762	762	842	842
Amounts due to subsidiary companies	-	-	-	44
	55,479	54,162	36,643	35,278

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 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grant income	772	772	466	466
	772	772	466	466

Notes to the Financial Statements

For the year ended 31 July 2020

20 Creditors: amounts falling due after more than one year

	Year ended 31 July 2020		Year ended 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	62,920	62,920	64,282	64,282
Unsecured loans	73,534	73,534	49,197	49,197
	136,454	136,454	113,479	113,479
Analysis of unsecured loans:				
Due within one year or on demand (Note 19)	762	762	842	842
Due between one and two years	778	778	858	858
Due between two and five years	27,105	27,105	2,052	2,052
Due in five years or more	45,651	45,651	46,287	46,287
Due after more than one year	73,534	73,534	49,197	49,197
Total unsecured loans	74,296	74,296	50,039	50,039

Included in loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
RBS (unsecured)	48,655	2047	5.10	University
NatWest (unsecured)	25,000	2023	LIBOR plus 0.52	University
	73,655			

Repayment of the RBS unsecured loan started in 2018.

	Year ended 31 July 2020		Year ended 31 July 2019	
	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	27,463	26,852	9,275	8,491
Included within Accruals and Deferred income in note 19	28,825	28,214	10,637	9,853
Long term Halls deferred income to be released between				
one and two years	1,362	1,362	1,362	1,362
Long term Halls deferred income to be released between				
two and five years	4,086	4,086	4,086	4,086
Long term Halls deferred income to be released in				
five years or more	57,472	57,472	58,834	58,834
To be released after more than one year	62,920	62,920	64,282	64,282
Total deferred income	91,745	91,134	74,919	74,135

Notes to the Financial Statements

For the year ended 31 July 2020

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 2019	29,971	-	29,971	1,965	31,936
Additions	-	-	-	350	350
Utilised	-	-	-	(1,620)	(1,620)
Released	(10,932)	-	(10,932)	(77)	(11,009)
At 31 July 2020	19,039	-	19,039	618	19,657

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 2019	29,971	-	29,971	1,965	31,936
Additions	-	-	-	350	350
Utilised	-	-	-	(1,620)	(1,620)
Released	(10,932)	-	(10,932)	(77)	(11,009)
At 31 July 2020	19,039	-	19,039	618	19,657

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 2018 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 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence the deficit provision has decreased significantly from £30 million to £19 million. £10.9 million of this decrease is attributable to the change in the deficit contributions contractual commitment. See also note 8 in respect of significant one-off pension costs / gains.

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 2021. £618k relates to UK and overseas tax liabilities in regards to past transactions that the University is currently in the process of agreeing with the relevant tax authority.

Notes to the Financial Statements

For the year ended 31 July 2020

22 Pension schemes

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

- Universities' Superannuation Scheme (USS)
- Superannuation Arrangements of the University of London (SAUL)
- National Health Service Pension Scheme (NHSPS).

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

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

	Year ended 31 July 2020 £'000	Year ended 31 July 2019 £'000
USS	8,651	7,494
SAUL	3,165	2,845
NHSPS	-	708
Other pension schemes	160	220
	11,976	11,267

(i) The Universities Superannuation Scheme

The total cost charged to the Consolidated Statement of Comprehensive Income is £8,651k (2019: £7,494k).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2020 is underway but not yet completed.

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 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73%
	Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
	Years 21 +: CPI + 1.55%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Notes to the Financial Statements

For the year ended 31 July 2020

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which required payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	4.20%	2.11%

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £30 million to £19 million as set out in note 21. £10.9 million of this decrease is attributable to the change in the deficit contributions contractual commitment. See also note 8 in respect of significant one-off pension costs / gains.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

Notes to the Financial Statements

For the year ended 31 July 2020

22 Pension schemes continued

(ii) Superannuation Arrangements of the University of London

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

The total cost charged to the profit and loss account is £3,165k (2019: £2,845k).

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

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the current value of benefits to which members are entitled based on pensionable service to the valuation date. The latest available full actuarial valuation of the scheme was at 31 March 2017. At the valuation date, the value of the assets of the scheme was £3,205 million and the value of the scheme's technical provisions was £3,149 million indicating a surplus of £56 million. The assets therefore were sufficient to cover 102% of the benefits which had accrued to members after allowing for expected future increases in earnings. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

Most recent valuations of the Scheme available year ended

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

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

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

Notes to the Financial Statements

For the year ended 31 July 2020

22 Pension schemes continued

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

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

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

(iii) National Health Service Pension Scheme

The NHS Pension Scheme (NHSPS) is an unfunded defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the University to identify its share of the underlying scheme assets and liabilities. The University therefore accounts for its pension costs in respect of the scheme on a defined contribution basis, as permitted by FRS 102 Section 28, thereby charging to its accounts the contributions payable to the scheme for the year. The NHS Pension Scheme is funded centrally by the Treasury on a current cost basis. The University has no contractual obligation to fund any deficit of the NHSPS and therefore recognises no related liability. Due to the end of HEE arrangements on 1 August 2019, the University will make no contributions to this scheme going forward.

Notes to the Financial Statements

For the year ended 31 July 2020

23 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2020 Total £'000	2019 Total £'000
Balances at 1 August 2019				
Capital	77,646	14,551	92,197	87,893
Accumulated income	2,525	1,094	3,619	2,827
	80,171	15,645	95,816	90,720
Donations	5	20	25	116
Project income	11	356	367	620
Investment income	1,766	357	2,123	2,671
Expenditure	(1,959)	(923)	(2,882)	(2,610)
Increase in market value of investments	(5,965)	(1,203)	(7,168)	4,299
Total endowment comprehensive income for the year	(6,142)	(1,393)	(7,535)	5,096
Restricted permanent capital being reclassified as expendable during the year	(884)	884	-	-
Restricted permanent accumulated income being reclassified as expendable during the year	(105)	105	-	-
At 31 July 2020	73,040	15,241	88,281	95,816
Transfers from accumulated income to capital in the year	16	(71)	(55)	5
Represented by:				
Capital	70,813	14,161	84,974	92,197
Accumulated income	2,227	1,080	3,307	3,619
	73,040	15,241	88,281	95,816

Notes to the Financial Statements

For the year ended 31 July 2020

23 Endowment reserves continued

Connected Institutions (for purposes of the Charities Act 2011)

	Note	Opening Fund Balance £'000	Income £'000	Capital Appreciation £'000	Expenditure £'000	Closing Fund Balance £'000
Individual Charities						
University of London Studentship Fund	a	8,393	187	(633)	(235)	7,712
University of London Research Fund	a	5,922	132	(446)	(138)	5,470
University of London Prize Fund	a	655	15	(49)	(12)	609
Convocation	b	3,632	82	(270)	(61)	3,383
Chadburn Lectures	c	13,933	317	(1,072)	(414)	12,764
Teachers of Anatomy	d	450	371	-	(393)	428
Maplethorpe	e	7,429	163	(550)	(143)	6,899
Perren	f	4,325	95	(321)	(100)	3,999
Frost Chair	g	3,479	78	(263)	(98)	3,196

Summarised Charities	No. of Trusts					
Research Support	80	37,930	857	(2,843)	(1,058)	34,886
Bursary/Scholarship	18	7,131	160	(531)	(178)	6,582
General central University support	14	257	7	(16)	(20)	228
Other prize funds	8	2,280	52	(175)	(32)	2,125
		95,816	2,516	(7,169)	(2,882)	88,281

Analysis by asset

	At 31 July 2020 £'000	At 31 July 2019 £'000
Current and non-current asset investments	84,974	92,197
Cash & cash assets	3,307	3,619
	88,281	95,816

Notes to the Financial Statements

For the year ended 31 July 2020

23 Endowment reserves continued

a University of London Scholarship Fund

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

b Convocation Trust

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

c Chadburn Lectureship in Medicine

This trust is to support up to 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 Trust

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

e Maplethorpe

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

f Perren

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

g Frost Chair

This trust is to support an academic Chair in Ophthalmology.

Warburg Institute

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

Notes to the Financial Statements

For the year ended 31 July 2020

24 Restricted reserves

Reserves with restrictions are as follows:

	Unspent capital grant £'000	Donations £'000	2020 Total £'000	2019 Total £'000
Balances at 1 August	-	321	321	209
New donations	78	356	434	859
Expenditure	(78)	(270)	(348)	(747)
Total restricted comprehensive income for the year	-	86	86	112
At 31 July	-	407	407	321

	2020 Total £'000	2019 Total £'000
Analysis of other restricted funds/donations by type of purpose:		
Scholarships and bursaries	98	-
Research support	11	28
General	298	293
	407	321

25 Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Consolidated			
Cash and cash equivalents	32,062	4,606	36,668
	32,062	4,606	36,668

Analysis of changes in net funds

	At 1 August 2019 £'000	Cash flows £'000	At 31 July 2020 £'000
Consolidated			
Cash and cash equivalents	32,062	4,606	36,668
Endowment assets - short term deposits and cash	3,619	(312)	3,307
Other investments - short term deposits and cash	-	-	-
	35,681	4,294	39,975
Current asset investments	-	-	-
Debt due after one year	(49,197)	(24,142)	(73,339)
	(13,516)	(19,848)	(33,364)

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, £5,084,000 lower at 1 August 2019, and £3,188,000 lower at 31 July 2020.

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

Notes to the Financial Statements

For the year ended 31 July 2020

26 Consolidated reconciliation of net debt

	At 31 July 2020 £'000
Net debt 1 August 2019	17,977
Movement in cash and cash equivalents	4,606
Other non-cash changes	15,118
Changes in market value and exchange rates	(73)
Net debt 31 July 2020	37,628
Change in net debt	19,651

	At 31 July 2020 £'000	At 31 July 2019 £'000
Analysis of net debt:		
Cash and cash equivalents	36,668	32,062
Borrowings: amounts falling due within one year		
Unsecured loans	762	842
	762	842
Borrowings: amounts falling due after more than one year		
Unsecured loans	73,534	49,197
	73,534	49,197
Net debt	37,628	17,977

27 Financial instruments

	At 31 July 2020		At 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets				
Financial assets that are debt instruments				
Cash and cash equivalents	36,668	33,480	32,062	26,978
Other debtors	19,998	21,204	10,094	13,707
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans	74,296	74,296	50,039	50,039
Trade creditors	918	873	1,802	1,779
Other creditors	2,384	2,296	3,038	3,068

28 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2020:

	At 31 July 2020		At 31 July 2019	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for property projects	859	859	2,952	2,952
	859	859	2,952	2,952

Notes to the Financial Statements

For the year ended 31 July 2020

29 Lease obligations

Total rentals payable and receivable under operating and finance leases:

				Year ended 31 July 2020	Year ended 31 July 2019
	Land and Buildings finance lease £'000	Land and Buildings operating lease £'000	Other operating leases £'000	Total £'000	Total £'000
Payable during the year	1	2,223	193	2,417	2,490
Future minimum lease payments due:					
Not later than 1 year	1	278	130	409	799
Later than 1 year and not later than 5 years	3	95	100	198	217
Later than 5 years	13	-	-	13	14
Total lease payments due	17	373	230	620	1,030
Future minimum lease receipts due:					
Not later than 1 year	13	625	-	638	1,178
Later than 1 year and not later than 5 years	51	739	-	790	1,508
Later than 5 years	1,495	2,006	-	3,501	3,435
Total lease receipts due	1,559	3,370	-	4,929	6,121

30 Related parties

In line with the Committee of University Chairs' 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 year with those declared bodies. We have not identified any transactions which occurred in the current or prior financial year, which 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 its Colleges/Member Institutions to be a related party relationship. Refer to the Corporate Governance Statement (pages 29 to 31) for more detail on the relationship between the University and its Colleges.

Trustees are not entitled to and did not receive any remuneration for their services. Four Trustees received a total of £2,573 (2018-19: 5 Trustees £3,185) representing the reimbursement of travel and subsistence expenses incurred in attending Board of Trustees and Committee meetings and events in their official capacity.

31 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 0.74%, an average salary increase rate of 2% per year and staff growth rate of 2% per year. 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

Notes to the Financial Statements

For the year ended 31 July 2020

31 Accounting estimates and judgements continued

deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. 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.

USS deficit funding arrangements

There is uncertainty around future funding arrangements for the USS deficit, the valuation as at 31 March 2020 being underway but not yet complete as at the year end. The 2018 valuation has set out the likelihood of significant increases in contributions being required. The University believes until the valuation and consultation is complete, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2017 actuarial valuation. There are key estimates underlying the valuation such as future staff and salary assumptions and the discount rate used. Further disclosure of the 31 March 2018 valuation and these estimates have been undertaken in Note 22(i).

Investment properties

A change in valuation firm during the year (CBRE Ltd carried out the valuation as at 31 July 2020 and Knight Frank LLP carried out the valuation as at 31 July 2019) has resulted in a change in valuation methodology for 52-60 Gower Street. In 2018/19 the property was valued on its current basis without reference to development potential. In 2019/20 the property has been valued on a development basis. The remaining properties continue to be valued by capitalising both the term at passing rent and the reversionary interest at market rent. Appropriate yields have been applied to the term and reversion respectively in order to provide an investment value of the University's interest in the land and buildings after making allowance for purchaser's costs.

The property markets have been negatively impacted as a consequence of COVID-19. Therefore, the valuation carried out by CBRE Ltd is reported as being subject to a 'material valuation uncertainty' due to the unknown future impact that COVID-19 might have on the real estate market as at 31 July 2020. The University is satisfied that the balances reported are not materially misstated. Since 11 October 2020, this material uncertainty clause has been removed and there has been no significant movement in the property market that would impact these valuations.

32 Post Balance Sheet Event

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of impact though, it has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% to 67.9% of payroll. However, this range is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019-20 financial year however, this is considered a non-adjusting event.

In October 2020, the University signed an agreement with Coursera and Royal Holloway for the development of new distance learning programmes.

In November 2020, the University completed on 99 year leases granted to UCL for 10 Woburn Square and 14 Endsleigh Street.

Since the year end the University has launched a number of organisational change programmes in departments of the University. This change is driven by a number of factors, including the complex financial context and the University's emerging new strategy and transformational priorities in the period ahead. The University has opened a voluntary redundancy programme for those staff in scope of consultation to enquire, and apply for, should they wish to do so.

The University is continuing in its programme of insourcing services where this is strategically beneficial. In November 2020, the University concluded the insourcing of cleaning services, following on from the insourcing of receptionists, porters, post room and audio visual staff in May 2019 and security staff in May 2020.

Annex to the 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 Member Institution 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

At its last meeting on 27 November 2019, the membership of the Remuneration Committee was as follows:

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

Apologies were recorded for Andrew Ratcliffe.

In attendance at the meeting – except for the duration of the discussions on their own remuneration - were the Vice-Chancellor, Chris Cobb (Pro Vice-Chancellor (Operations)) and Simon Cain (Director of HR). The Director of Compliance and Secretary to the Board, Rosalind Frendo, was Secretary to the Committee and also withdrew from the meeting for the duration of the discussion on her remuneration.

The Committee transacted the following business:

- reviewed the salary, emoluments, allowances and other financial benefits payable by the University to the Vice-Chancellor;
- reviewed the emoluments paid to the Deputy Vice-Chancellor;
- reviewed the salary, emoluments, allowances and other financial benefits payable by the University to its most Senior Staff;
- considered a proposal re amending the Committee’s remit so that in future it will only consider the remuneration for the Vice-Chancellor, the Deputy Vice-Chancellor and the four Pro Vice-Chancellors;
- received from the Vice-Chancellor a report on other staff employed by the University on Level 10 of the academic-related salary scale or its equivalent;
- received two reports on: the Gender Pay Gap; and on Ethnicity Pay Gap Analysis.

The Committee considered the current Remuneration Context:

The remuneration of the Vice-Chancellor and the University's most senior staff, currently defined as those making up the Vice-Chancellor's Executive Group, is determined in the context of:

- The overall aims of the University and the current work being led by the Vice-Chancellor to deliver a new strategy for 2020-25.
- The University's role as a services provider across and beyond the HE sector.
- The University's significant property portfolio, which provides inter alia, academic teaching space, student halls of residence and conferencing facilities; and
- The University's central London location and regional, national and global role.

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

- The UCEA Senior Staff Remuneration Survey 2018 – with reference to relevant benchmarks eg, institution type, location, size and job function;
- The Korn Ferry/Hay Group's current pay data base for London professional jobs; (for the Vice-Chancellor) the remuneration of the Heads of Member institutions and of HEIs with structures closest to that of the University.

The Committee noted that all staff whose remuneration currently is determined by the Committee, with the exception of the Vice-Chancellor, received the nationally negotiated pay award in 2019. It was also noted that all staff whose remuneration is determined by the Committee are eligible for membership of the Universities Superannuation Scheme.

The Vice-Chancellor, most senior staff and other senior staff – currently this group comprises Directors, Professors employed by the University, and the administrative and other staff employed by the University on Level 10 – are eligible for a one-off honorarium payment based on an assessment of their individual performance and, where appropriate, their contribution to the aims of the University over the period under review.

Remuneration Decisions for 2019

The decisions of the Committee on the remuneration of the Vice-Chancellor, Deputy Vice-Chancellor and most senior staff are recorded in the minutes of the meeting of 27 November 2019. The Board is specifically asked to note:

- The remuneration package of the Vice-Chancellor, Professor Wendy Thomson, who had taken up the post of Vice-Chancellor on 1 July 2019, was noted.
- The Deputy Vice-Chancellor would continue unremunerated.

Proposed Future Remit for the Committee

The Committee agreed the Vice-Chancellor's proposal that in future it should only consider remuneration proposals for the Vice-Chancellor and the four Pro Vice-Chancellors; all of whom would be subject to rigorous annual appraisal with appropriately-set objectives, targets and key performance indicators.

The Committee would continue to review the emoluments paid to the Deputy Vice-Chancellor.

Remuneration of Other Senior Staff

The Committee reviewed the report on the performance-related awards made to other Level 10 senior staff. Members strongly supported the University's intention to review its current policy and approach to senior staff pay generally, including for academic/professorial staff and those members of the Vice-Chancellor's Executive Group who were not Pro Vice-Chancellors and to revise the policy, process and mechanisms for evaluating, processing and scrutinising senior staff awards. The Committee agreed to meet in the spring term 2020 to review the University's proposed revised policy approach.

Pay Gap Reports

The Committee reviewed: (i) the Gender Pay Gap (GPG) report for 2019, which recorded a significant reduction in both the mean and median GPG – 9.67% (13.89%) and 8.23% (11.69%) respectively (2018 figures in brackets); and (ii) an Ethnicity Pay Gap Analysis, which, while not currently a mandatory requirement, was seen as a positive and progressive first step in addressing challenges in this area.

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