

Financial Statements

For the year to 31 July 2021

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Chair's foreword

I am glad to present this year's Report and Accounts which show that the College has managed its finances prudently in this very uncertain time. At the beginning of the year, it was uncertain how our research and learning activities might be affected by the pandemic. Accordingly, we decided to conserve cash by stopping and delaying major expenditure and also raised loans in order to maintain a flexibility of response to developing events.

As the year progressed, we were encouraged by the continuing demand for our programmes and the continuing research efforts. The year has now ended with our cash reserves in a reassuring state, although these sums are already carefully earmarked for ongoing working capital and liquidity, as well as for the completion of capital projects already in train, such as the Quad Engineering building at the Strand. We also remain vigilant for any potential changes in Government policy on tuition fees that might substantially increase financial risk and will continue to maintain a sharp focus on maintaining these cash reserves.

As the restrictions of the pandemic have evolved, the King's community can be immensely proud of how it came together to put our staff and students first. King's did not lay off staff to conserve funds, but instead reassigned staff to different roles to conserve their positions, and at the same time it invested in additional student support and allowed students to withdraw from contractual obligations in residences to minimise the impact of the pandemic. On behalf of Council, I particularly want to convey my personal thanks to the many members of staff who continued coming on to campus to maintain essential research and to keep our campuses clean and safe. Looking forward to the next academic year, I am pleased to record that all our campuses are, presently, now fully open. Most teaching and learning, support and advisory services, access to our libraries and computer rooms, as well as networking and extra-curricular opportunities and social activities, will take place in person and on campus this autumn, with online resources and opportunities being made available where appropriate.

After a pause, the construction work has recommenced on our Quad development at the Strand. This is now proceeding at pace so that we are looking forward to being able to welcome a new cohort of engineering students to the new facilities in the next academic year. I am also pleased to note that work has begun in earnest to pedestrianise the Strand. This will join up the area between Bush House and the Strand buildings, creating a vibrant campus and a much-improved public space in central London.

The university has also been busy in other respects. For example, in the wake of widespread concerns following the death of George Floyd in 2020, we renewed our focus on all our diversity and inclusion activities, for which King's was awarded a renewal of the Race Equality Charter Bronze award in November, alongside just 17 other universities in the United Kingdom. In July 2021, King's received an Institutional Silver Athena Swan award, recognising effective progress towards gender equality, joining 19 other universities.

King's has also now fully divested its endowment investments from all fossil fuels almost two years ahead of schedule; as part of its Responsible Investment sub-group, the King's Climate Action Network (CAN), established in October 2020, is also now looking at how we can align our investments to net zero carbon by 2025. The King's CAN builds on existing work to reduce our own carbon emissions. In that respect, King's has so far reduced its scope 1 and 2 carbon emissions by 54 per cent since 2005-06, exceeding our target of a reduction of 43 per cent by 2020.

I wish to conclude by renewing my sincere thanks to Professor Sir Ed Byrne, who retired as President & Principal of King's at the end of January 2021. Ed brought extraordinary vision and leadership to bear on the university over the past six years and leaves a legacy of very great achievement at King's. It has also been my pleasure to welcome his successor, Professor Shitij Kapur, who is already a familiar and respected figure at King's and who has returned to us from the University of Melbourne.

The smoothness of this transition between Principals was only made possible, however, by the support of Professor Evelyn Welch, who discharged brilliantly the role of Interim President & Principal for four months. On behalf of the Council of King's College London, I am very grateful to them all for the leadership they have given in such testing times.

The Rt Hon the Lord Geidt GCB GCVO OBE QSO FKC
Chair of Council

Demand for King's programmes and research expertise continues to be strong

King's protected staff employment and prioritised student experience

Diversity and inclusion is at the core of all our activities

Our cash reserves have grown but are already carefully earmarked for academic investment

King's has fully divested its endowment investments from all fossil fuels almost two years ahead of schedule

President & Principal's Report

The last year has been a trying time for all universities – and I am pleased and proud of how King's has used a combination of prudence and planning to lay a stable foundation for our future. I would like to thank our staff who worked incredibly hard, our students who were resilient and accommodating and the community that came together in that spirit.

King's guiding aim during the pandemic was to protect student and staff health and staff employment while maintaining the excellence of our education, research and service missions. A lot was uncertain including the number of students enrolling, the functioning of the campuses and the possibility of conducting research. The immediate priority was to protect the student experience and ensure continued employment for all our staff – including extensions for many even when there was not the certainty of work. To address these challenges required many steps:

- Deferring planned capital expenditure
- Reducing non-essential, non-salary costs
- Reducing the infrastructure investment budget other than to support IT network and student systems
- Carefully managing staff vacancies across the university
- A voluntary six month pay reduction by the senior executive team led by the President & Principal, Senior Vice Principals and Vice Principals.

In addition, some costs were naturally temporarily curtailed by the pandemic such as travel, conferences and associated accommodation, subsistence and hospitality spend.

While limiting costs where we could, we also provided extra support where it was needed most.

This included:

- Offering rent rebates to students in our residences who were self-isolating or leaving early to return home to study online
- Giving care packages to students self-isolating in residences and staying with us over the winter break
- Providing a hardship fund to support students impacted by the pandemic
- Further developing and bringing forward online learning
- Extending fixed term staff contracts where possible
- Supporting essential recruitment to respond to changing workloads
- Prioritising IT projects to support student experience, digital education, remote working and cyber security
- Creating our own inhouse COVID-19 PCR testing facility.

The university also completed its long-planned borrowing to support future academic capital investments agreeing £125m of new borrowing and drawing down £105m in June 2021. The balance comes in March 2022. In the short term this funding provided access to sufficient cash for some of the worst-case scenarios we may have faced.

Protecting students and staff and maintaining the excellence of our education, research and service missions was and is critical

Significant one-off cost savings will return in the new year as activity returns to normal

We will fund an ambitious £391m academic capital investment plan over the next five years

The careful and considered approach across the community, and the higher than anticipated intake of students in 2020–21 has meant we finished the year in accounting terms with a surplus of 3.6 per cent. This will allow us to restart the capital programmes, unfreeze the staff vacancies that were held and also start investing in improving our systems for a post-COVID-19 pandemic world.

Some of the significant one-off cost savings found or deferred will return in the new year. Staff recruitment is increasing as we welcome more colleagues to support our education mission and drive our research activity. Capital plans that have been hibernated or slowed during the pandemic have restarted and we are seeing the return to normal and vibrant academic activity with spending to match.

These changes, together with an increased student cohort, mean we will be committing our cash funds over the next year to our academic operations and investments. Whilst the 3.6 per cent surplus of 2020–21 is in line with our strategic needs, the manner in how it was delivered was not. So, the next year will see us returning to our usual budgetary processes, with a backlog of spending that will flow through.

The 2021–22 year will see King's return to lower surplus levels and spending down of capital funds as activity returns to a more normal dynamic. Our cash holdings of £378m include the £105m debt raised this year and the £72m proceeds from the sale of the Canada Water site from 2019–20. These funds are committed to our existing academic capital plan totalling some £391m over the next five years. These projects include completing our Quad Engineering building and investments outlined for Children and Young People's Mental Health and the London Institute for Healthcare Engineering. These are in addition to the nearly £30m we invest each and every year in the operation, maintenance and refurbishment of our existing assets.

Pensions remain a key issue across the sector and a critical one for King's. We expect an outcome from the delayed USS 2020 valuation in February 2022. This means the financial outcome of the valuation is not yet reflected in these accounts. Initial estimates suggest this will result in a near £400m cash outflow from King's, paid over the next 18 years. This is a significant cash commitment to provide for past benefits and will be another call on our cash funds over the next few years.

So, while I take comfort that we are in a stable position coming out of COVID-19, I still remain cautious as we navigate the changing impacts of the pandemic, BREXIT, the higher pension costs and potential government funding changes.

My senior team and I are committed to the university managing its funds to serve its core academic mission and realise the ambition of Vision 2029, so that we serve not only the students of today but prepare them and the university for the challenges and opportunities of tomorrow.

I would like to thank all the members of the King's community for your exceptional efforts over the past year.

Professor Shitij Kapur MBBS PhD FRCPC FMedSci(UK) FAAHMS (AUS)
President & Principal

We are committed to a high quality pension scheme for all our staff and to finding a sustainable funding solution

Pension costs continue to grow and we will commit nearly £400m in cash to prior service costs over the next 18 years

Key facts

2020-21
£115.0m

EBITDA and pension movement
(earnings before interest, tax,
depreciation, amortisation and
pension movement)

2019-20
£59.1m

2020-21
£81.5m

Total comprehensive income
for the year

2019-20
£614.1m

2020-21
£81.5m

Surplus/(deficit) for the year
before revaluation gains

2019-20
£129.8m

2020-21
£1,000.5m

Total income

2019-20
£964.2m

2020-21
118.1%

Unrestricted reserves as
a % of total income

2019-20
119.3%

2020-21
£120.9m

Net cash inflow from operating
activities

2019-20
£64.5m

2020-21
12.1%

Net cash inflow from operating
activities as a % of total income

2019-20
6.7%

2020-21
39.4%

External borrowings as
a % of total income

2019-20
30.5%

2020-21
152 days

Net liquidity days

2019-20
93 days

2020-21
152 days

Net liquidity days before
movement in USS pension
provision

2019-20
82 days

2020-21
7,995

Staff numbers,
full-time equivalent

2019-20
8144

2020-21
33,364

Student numbers,
full-time equivalent*

2019-20
29,356

2020-21
£273.4m

Research: new and renewed
awards (forward order book)

2019-20
£231.5

2020-21
£16.6m

Donations and endowments

2019-20
£16.8m

2020-21
35th

Times Higher Education
World University Rankings

2019-20
36th

2020-21
11th

Times Higher Education
World Impact Rankings

2019-20
9th

*We have used draft July HESA student numbers which are finalised after the accounts are completed.

Operating and financial review for the year ended 31 July 2021

Financial Review

	2020–21	2019–20
Tuition fees and education contracts	505.5	428.8
Funding body grants	145.5	148.3
Research grants and contracts	187.9	200.6
Other income	141.3	165.5
Investment income	3.7	4.2
Donations and endowments	16.6	16.8
Total income	1,000.5	964.2
Staff costs	(555.5)	(562.7)
Other operating expenses	(330.0)	(342.4)
Earnings before Interest, Tax, Depreciation, Amortisation & Pension movement	115.0	59.1
Interest and other finance costs	(16.4)	(19.4)
Staff costs – movement on USS pension provision	(3.9)	116.0
Depreciation	(58.3)	(59.6)
Surplus/(deficit) before other gains/ losses	36.4	96.1
Other gains and losses	45.1	33.7
Surplus/(deficit) for the year	81.5	129.8
Unrealised surplus on revaluation of tangible assets	-	484.3
Total Comprehensive Income for the year	81.5	614.1

The year started with considerable uncertainty over the impact of COVID-19 on our core research and education activities, and the potential for large costs in moving to online teaching and making our campuses COVID-19 safe for our staff and students. As a prudent response to this uncertainty we delayed capital intensive projects, raised loans, and mitigated the impact on students and staff while trying to maintain employment during lockdowns.

A combination of prudence, loans and healthy admissions means that 2020–21 has ultimately seen a better than expected level of financial performance. We report total comprehensive income of £81.5m and an underlying surplus before other gains and losses of £36.4m.

Our total comprehensive income included £45.1m of non-operating gains, mainly on the value of our endowment investments, as a result of significant in year global stock market gains. These capital gains are not immediately available to us to spend and instead will provide long-term benefit towards the charitable purposes specified by their donors.

This surplus was an improvement against initial expectations, common across the sector, which had suggested potentially large falls in student intake and research activity due to the impact of the pandemic. As the year progressed it became clear that the student admissions cycle was much stronger than expected, and tuition income rose above forecasts for the year at over £500m. These larger than planned student cohorts have brought with them new risks and challenges, and costs are expected to rise as a result.

Unlike in recent years, sales and revaluation gains on freehold land have had a limited impact on the results we have reported for the year. However, to provide a consistent basis of measuring our operating results year on year we present our financial performance in the form of Earnings before Interest, Tax, Depreciation, Amortisation & Pension movements (hereafter EBITDA and pension movements).

When considered on an EBITDA and pension movement basis, the university had earnings of £115.0m, up from £59.1m in the prior year demonstrating a significant strengthening in underlying operating performance, albeit in an exceptional operating year. Whilst this increase is mainly driven by the greater than initially expected tuition fee income, COVID-19 has led to an unusual year with reductions in residences income and a fall in staff and operating costs.

We continued to support our staff and students during the pandemic and as a result reported losses of just under £41m in our trading activities (student residences, catering, sports and venue hire) following a £17m loss in the preceding year. These losses reflected the decision to allow additional flexibility for those students who wished to study fully online and break their residences contracts, the provision of extra services for students having to isolate in halls and the downturn in catering income due to a reduced footfall on campus. We do not make profits from our trading activities but in the normal course of events we do expect broadly breakeven performance after routine capital maintenance.

The Universities Superannuation Scheme (USS) pension scheme deficit continues to present a significant issue to ourselves and our peers across the wider Higher Education sector. The USS Trustee is still working to finalise the March 2020 valuation of the scheme which means for the first time in the last three years the results we present in these financial statements have not been significantly impacted by a movement in the provision we hold for our commitment to fund the USS scheme deficit. Initial workings on the emerging USS deficit position suggest that the provision could approximately triple from the current £121.5m position during the 2021–22 financial year. This will continue the trend for large swings in the provision year on year, following a £116.0m release of the provision in 2019–20.

The 2021–22 financial year is not only expected to see the March 2020 valuation finalised, but also the commencement of a wider ranging review of the governance and benefits structure of the scheme. This review will involve Universities UK, University and College Union, and the USS Trustee, and aims to find a way to maintain USS as an attractive scheme to current and future members. King’s is committed to having an excellent pension scheme for its staff, but also to seek more flexible solutions for those who find the current scheme too expensive or not suitable to their pension needs. We must do this whilst ensuring the scheme is affordable to both members and employers.

Having revalued our freehold land holdings to fair value for the first time in 2019–20, resulting in a £484.3m gain, the value of the assets were reviewed in the current year and, as no material valuation changes were identified, no gain or loss has been recorded.

In anticipation of planned investment in our operations and capital plan, we ended the year holding reassuring cash reserves of £377.8m, buttressed by a major loan and the proceeds from the sale of land at Canada Water in 2019–20 still held as capital expenditure was deferred during the pandemic. Our operating performance for the year has translated into cash performance, with net cash inflows from operating activities of £120.9m, although this includes approximately £40m of positive working capital movements, mainly from tuition fees and research project income received in advance, which will lower operating cash performance in 2021–22 as these funds are expended on their intended purposes.

As part of the plan to fund our continued campus development, we completed a £125m debt raise through a sustainable private placement, the first of its kind by a United Kingdom university, aligned to progressing the UN Sustainable Development Goals.

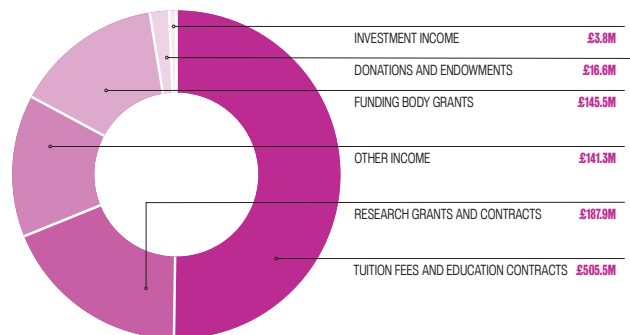
We continue to face a range of risks and uncertainties in the coming years that we need to reserve cash for. We are monitoring the impact of the deficit in the USS pension, potential government-led changes in the English university funding environment, and the impact of BREXIT, the pandemic and resource shortages on costs and on our wider financial plans.

Despite our healthy cash position at the year end, we remain focused on our ability to generate cash as a key measure of financial performance and for onward investment in our global research and education missions. The deferral of some of this investment, due to the impact of the pandemic and successful efforts at short term cash retention, will see expenditure pick up in 2021–22 as spend which was deferred rather than cancelled flows through. We will continue to adjust to the changes caused by COVID-19, and we can now commence on those projects paused in the past year.

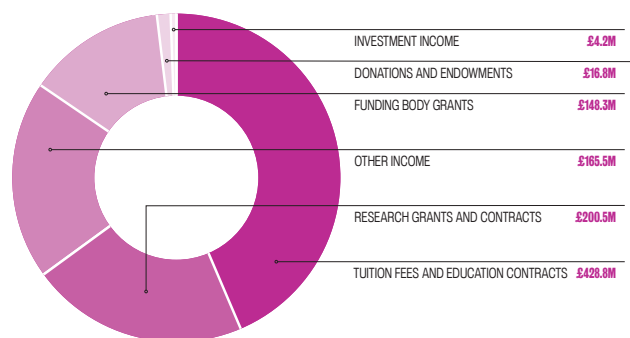
Income

Our income rose to over £1bn for the first time driven by a £76.6m increase in tuition fee and educational contract income. This is offset by both research income and income from student residences and other trading activity being down on 2019–20 and previous years as the impact of COVID-19 was particularly focussed in these areas.

INCOME 2020–21 £M



INCOME 2019–20 £M



Tuition income continues to form, at 51 per cent, the largest part of the university’s income, and whilst year on year growth has largely been due to higher than expected student numbers in 2020–21, this rise continues a long term growth in tuition income as a result of a strategic decision of the university to grow both home and international student numbers in subjects where there is strong demand from suitably qualified students.

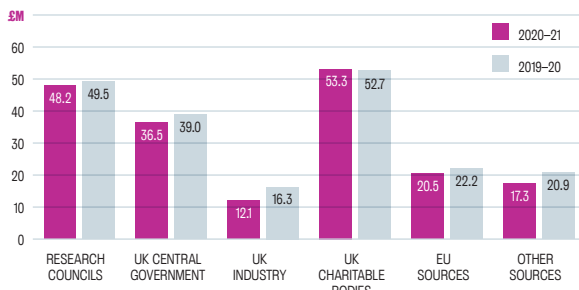
	2020–21 session	%	2019–20 session
UG Home/EU	15,137	45	14,066
UG Overseas	5,257	16	4,491
PGT Home/EU	5,634	17	4,402
PGT Overseas	4,621	14	3,718
PGR Home/EU	1,857	5	1,766
PGR Overseas	858	3	796
Total student fte	33,364	100	29,239

The student numbers shown above are based on our July HESA return for the 2020–21 academic year.

Demand for our courses continues to be strong, with numbers up in all categories, with the increase in tuition fee and educational contract income being split approximately equally between home and overseas students.

Research income has fallen six per cent year on year reflecting both a pause in activity in some areas at the start of the year due to the initial impact of COVID-19 and associated lockdowns, and 2019–20 including a one-off increase due to a change in the depreciation policy for research assets. As the year has proceeded research activity has picked up with significant funding being received in advance of work being performed at the end of the year. With King’s strength in the fields of health and biomedical sciences, this has included quickly established new research on COVID-19 related projects, often in support of the NHS and particularly through King’s Health Partners.

RESEARCH INCOME BY FUNDER TYPE £M

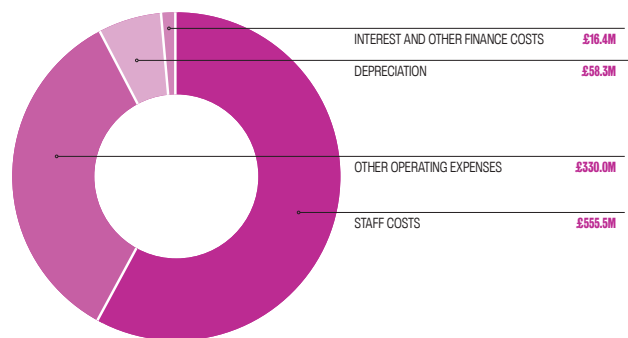


Other income is down 15 per cent year on year mainly due to a £26.2m reduction in residence, catering and conferences income. This reflects a decision to prioritise the social and economic welfare of our students, which included offering rent rebates to students in our residences who were self isolating or leaving early to return home, and this in turn had a knock-on effect on the income catering outlets could earn.

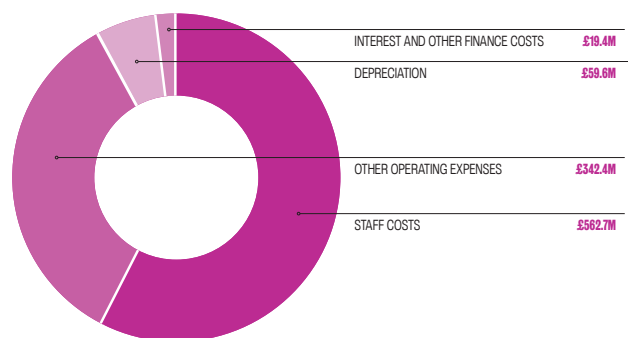
Expenditure

Excluding the movement on the USS pension provision, expenditure for the year shows a small decrease compared to 2019–20 in all categories, and £23.9m (2.4 per cent) in total. This reflects the early and considered decisions we took to manage operating costs, and the incredible effort across the wider university to control costs, and conserve cash in the face of the uncertain financial impact of COVID-19.

EXPENDITURE BY CATEGORY 2020–21 £M

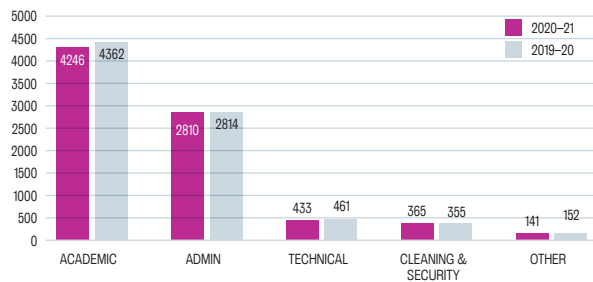


EXPENDITURE BY CATEGORY 2019–20 £M



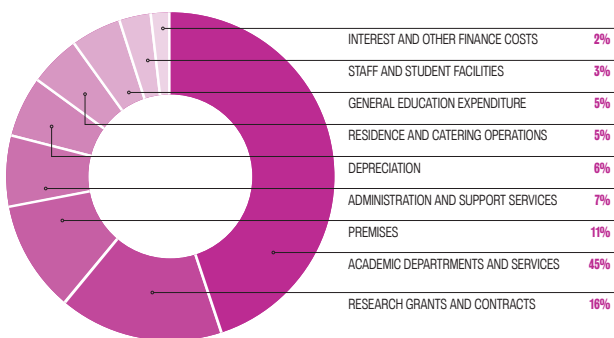
At 58 per cent, staff costs (excluding movement on the USS pension provision) continue to be the largest component of our expenditure, recognising King’s and other universities are people and knowledge based institutions. The small year on year decrease in staff costs of 1.3 per cent is driven by a 149 (1.8 per cent) reduction in staff full time equivalents (FTEs) as control was maintained over filling vacant posts during the early stages of our response to the pandemic. Staff numbers have now started to rise again in 2021–22 as we have begun to fill postponed recruitments and sought additional staff recruitment in response to the needs of teaching the larger 2020–21 and 2021–22 student cohorts.

STAFF FTE BY CATEGORY



Other operating expenditure overall was down £12.3m (3.6 per cent) compared to 2019–20, again reflecting cost control efforts, but also the one-off costs incurred in 2019–20 rehousing students and establishing the impairments to buildings as a result of building reviews. Adjusting for these prior year one-off costs, other operating expenditure increased by 5.3 per cent year on year reflecting the considerable investment incurred in response to the demands of moving to blended and online teaching and making the estate COVID-19 safe for the return to campus.

EXPENDITURE BY CATEGORY 2020-21



We spent just under £10m on additional estates costs; including hiring additional space to facilitate social distancing, extra cleaning and signage. We invested approximately £2m in the development of KCL-Test, an internally funded research programme that also provides PCR tests to our staff and students.

As part of our focus on supporting student welfare during the pandemic, an additional £1m was invested in student hardship awards together with extra investment in student mental health and wellbeing activities both in the university and in the student union.

Capital investment

The King’s estate is an important and valuable asset which enables high-quality research and teaching to take place. Continued investment in the estate is necessary to maintain and improve educational and research infrastructure and ensure the university has the built environment to enable all staff and students to flourish. The university has also increased investment in our information technology infrastructure, which is equally important to support its education and research mission.

This includes online learning, lecture capture, data storage and analytics, and high-performance computing, as well as improvements in the enterprise systems, network security and student and researcher experience. Our forward capital plan identifies the academic investment needs of the next few years and the availability of funding to finance this expenditure, including philanthropy, property disposals, capital grants, external finance and partnering arrangements as well as future operating surpluses. No project proceeds unless full funding is in place.

Building on the experience of more remote working together with the range of benefits felt by our staff, we are considering how this might change our ways of working and space requirements in the future.

Despite capital spend being deferred in 2020–21 as a response to the initial challenges of responding to COVID-19, King’s still invested £62.5m in intangible (largely IT) and tangible assets during the year.

	2020-21 £m	2019-20 £m
Student facilities	21.3	17.0
Estates infrastructure	22.7	32.1
Research	9.3	24.5
IT Systems and infrastructure	9.2	10.0
Capital Investments	62.5	83.6

The major items within the above total investment this year include:

- Strand Quad Engineering project £9m
- Guy’s research and teaching, including Dental £7m
- St Thomas’s Biomedical £7m
- Infrastructure projects across estates and IT £23m

Endowment asset investments

The endowment investments increased during the year from £252.3m to £300.6m. The £48.3m increase was made up of £6.8m new endowments, increase in market value of £46.1m, £2.2m dividend income less £6.9m endowment expenditure. Performance measured by total return over the year was slightly behind our composite benchmark.

Performance for the year to 31 July 2021

Actual performance	+19.5%
Policy benchmark	+21.6%
Relative value lost	(2.1%)

The endowment has adopted the following asset allocation policy targets:

Asset allocation	Per cent
Global equity	64
Emerging markets equity	8
Private investments	8
Property	10
Inflation-linked bonds	5
UK gilts and cash	5

The Charity Commission has issued an order allowing King's to adopt a 'total return' approach without the need for an amendment to the King's College London Act 1978. We have agreed a target spending rate of four per cent using the trailing market value rule applied to the average ending portfolio value over the previous 12 quarters with the proviso that this be reviewed annually in case of abnormal market conditions. This will maintain the real terms value of the endowment over time and provides c.£9m of spending power to the university in 2021–22.

Treasury management

The university manages day-to-day cash flow through its principal bankers, National Westminster Bank plc. Surplus cash is swept overnight from the current account to an interest-bearing deposit account. Cash in excess of day-to-day liquidity needs is placed in two money market funds run by Royal London Asset Management (RLAM). Up to £150m can be placed in the RLAM Cash Plus Fund, and an unlimited amount may be placed in the RLAM Short-Term Money Market Fund.

Long-term loans

To fund our capital investment projects around the development of the Quad on our Strand campus, redevelopment of our Champion Hill halls of residence and investment in two new initiatives around Children and Young Person's mental health, and the London Institute for Healthcare Engineering we planned to raise additional debt in 2020–21. Accordingly, in March 2021 we issued £125m via private placement with £105m drawn down in June 2021 and the remaining £20m to be taken in March 2022. The debt is repayable in tranches starting in 2050 and going out until 2071 and the university has a strategy to set aside cash reserves annually to fund the repayments on this and other debts that fall due from 2031.

The 2020–21 debt raise was the first with both 'green' and 'social' credentials in the UK university sector. Our Sustainable Financing Framework has been drafted within internationally recognised principles for Social Bonds, Green Bonds and Green Loans. As such, the framework is aligned with principles for such finance issued by the International Capital Markets Association ("ICMA") and the Loan Markets Association ("LMA"). This framework has been reviewed by Standard & Poors, an appointed external specialist who has issued an endorsing Second Party Opinion (SPO). The SPO, in addition to the Sustainable Financing Framework, is publicly available at kcl.ac.uk/about/assets/pdf/statements/2021-03-01-kcl-sustainable-finance-framework-final.pdf

Other than the new debt issues, our total borrowings have not changed materially year on year. This reflects the fact that the majority of the university's debt is now on a 'bullet' rather than an amortising repayment basis, meaning only small amounts of capital are currently paid off each year. The first tranche of these bullet repayments, at £60m, is due in April 2031.

External borrowings £m	Total Borrowings	Related deposits	Net Borrowings	Less than 1 year	More than 1 year
Finance leases	14.1	(13.4)	0.7	0.7	–
Loans	393.9	–	393.9	5.5	388.4
Total borrowings 31 July 2021	408.0	(13.4)	394.6	6.2	388.4
Total borrowings 31 July 2020	305.3	(11.7)	293.6	6.8	286.8

The university's financial strategy sets internal borrowing limits based on percentage of income and gearing, and the current position is within target.

Borrowing %	31 July 21	31 July 20	Limit
External borrowings (net) as a % of income	39.4%	30.5%	50%
External borrowings (net) as a % of total reserves	26.5%	20.9%	100%

The ratio of liquid assets to annual expenditure (excluding depreciation and before movements on USS pension provisions) increased to 152 days (from 82 days in 2019–20). The increased cash balance reflects the combination of a deliberate policy to maintain high cash reserves as risk mitigation in a volatile environment, but a larger factor is the £105m of debt receipt in advance of spending on planned academic investment projects. We keep our working capital needs under review but expect to maintain between £175–£190m working capital/liquidity reserves in the short to medium term.

The university continues to benefit from access to £75m of undrawn revolving credit facilities to provide additional liquidity should this be needed in exceptional circumstances.

Net debt and cash position

Net debt £m	31 July 21	31 July 20	Change
Cash and cash equivalents	377.8	207.6	+170.2
External borrowings net of related deposits	(394.6)	(293.7)	(100.9)
(Net debt)	(16.8)	(86.1)	69.3

The 2020–21 year saw the establishment of a Debt Repayment Fund, this makes up c.£14m of our total £378m cash balances. This is a newly established reserve created to save funds for eventual debt repayments when these fall due from 2031. As the fund is elective and not contractually required by the debt funders this is not disclosed separately in the accounts nor visible in our cashflow statement.

Reserves and accessible funds

The university's unrestricted reserves have increased from £665.3m to £697.5m excluding the revaluation reserve linked to the non-cash related land revaluation undertaken during 2019–20. These reserves do not represent easily accessible funds to the university as they are entirely tied up in land and buildings as part of a designated capital reserve. Should the university wish to access the value in these reserves we would need to dispose of these assets to realise their values in cash.

Pensions

The two main pension schemes in which King's participates are the Universities Superannuation Scheme (USS) and the Superannuation Arrangements for the University of London (SAUL). They are multi-employer schemes with defined-benefit aspects to their offers.

The university also contributes to the Department of Health's NHS Pension Scheme (NHSPS) where King's staff are eligible to remain in this scheme. Both USS and SAUL were revalued at 31 March 2020. Whilst the SAUL valuation has completed without the need being identified for a deficit funding plan, the USS valuation was still ongoing at the date of these financial statements.

There continues to be significant uncertainty over the funding position and future contribution rates for the USS pension scheme. King's continues to be committed to seeking a sustainable funding solution for this, our largest pension scheme in contribution terms. As at the date of approval of these financial statements the Joint Negotiating Committee has proposed changes to the benefits structure of the scheme which would mean employer and employee contribution rates increasing by a small amount to 21.4 per cent and 9.8 per cent respectively. Indeed, this increase has been implemented from October 2021 instead of a higher value which existed as a backstop for the 2018 valuation. For the USS Trustee to be able to price the proposed benefits package at these rates, employers including King's will be subject to greater financial monitoring in future to demonstrate the scheme covenant remains strong.

Even with these changes to the benefits package, the increased deficit on the scheme as a whole means the provision we hold for the university's commitment to help fund the scheme's shared deficit will increase significantly. Current estimates suggest this increase is likely to be in the region of £270m. The valuation is expected to be finalised and signed off by February 2022, so this charge is expected to be recognised in the course of 2021–22.

Should the valuation fail to be signed-off with the updated benefits package by February 2022, the USS Trustee would be required to revert to a pricing based upon the current benefits package leading to a likely doubling of our annual contributions and a further £200m increase in the provision we would need to hold.

As the valuation has not yet been signed off there have been no material changes to the provision in 2020–21, with just a £3.8m charge to staff costs for increased future salary growth assumptions. This compares to 2019–20 when a £116m reduction in staff costs was recognised as the provision was adjusted to reflect the 2019 funding agreement based upon the 2018 scheme valuation.

The equivalent SAUL valuation is complete and increases, which are wholly borne by the employer, will be included from 1 April 2022, with employer contributions going up from 16 per cent to 19 per cent.

Education

Educating the next generation of change-makers

Academic year 2020–21 was like no other, with the pandemic significantly affecting the ways in which the university sought to deliver education and support students. By building on its expertise developed over a number of years in King's Online, and with additional investment in technologies and support, the university was able to ensure that students were taught and assessed effectively and were able to progress and graduate. The model was designed to be flexible, to enable a rapid switch between modes of delivery as circumstances necessitated. Tens of thousands of students studied successfully remotely. At the same time, a number of programmes, especially those most closely associated with the future supply of key workers, were able to continue with in-person delivery throughout, including in health and related settings.

- Over 40 rooms were equipped as HyFlex spaces, allowing simultaneous in-person and remote learners to participate, with support, advice and training available to staff to enable their adoption of this approach.
- An Essential Digital Skills programme was made available to all students, equipping them to engage with, and succeed in, their studies.
- An extensive Flexible Teaching and Learning web-resource and associated staff development programme were provided, along with equipment, recording studios and bespoke support.
- Online engagement doubled in the academic year and with improved access to c4000 modules. Approximately 90,000 online sessions were run.
- A Fair Assessment Policy was put in place to ensure that no student would be disadvantaged by dint of the pandemic.
- Virtual graduations were provided for all graduating students, but the university remains committed to providing all students who graduated in 2020 and 2021 with an opportunity to 'cross the stage'.

It was of course much more challenging for students in these circumstances to partake fully in many of the other aspects of university life, including clubs and societies, events, social activities, and residential life. The university focused on ways in which students could participate and form a community, but this was more complicated with a learner population distributed around the globe. A concerted programme of skills, development and extra-curricular activities, King's Edge, was developed to provide a broad range of resources and opportunities for students, including internships and undergraduate research fellowships.

This was a collaboration between the College and the Students' Union, encompassing skills and development opportunities, a parliamentary internship scheme and a significant expansion of the King's Undergraduate Research Fellowship scheme. The university also expanded its support for student mental health and wellbeing, with a new welfare and wellbeing team established alongside an out-of-hours counselling service. This was something which students really appreciated and which we are now building into our ongoing offer.

A King's education continues to enable students to achieve career success. The results of the most recent Graduate Outcomes Survey (2018-19) showed that 91 per cent of employed graduates were in graduate-level work and 90 per cent found their work meaningful. Through offering internship and placement opportunities, project work, volunteering and other opportunities, our students are strongly connected to employers, their professions and society.

King's extended its commitments to inclusive education. Inclusive Education Student Partners is a student co-creation programme. Each faculty has two student partners from a Black, Asian or other ethnic minority background. Students planned and delivered peer discussions to gather student insights and worked with faculty colleagues to design student-led actions to contribute to work to close differences in attainment. Activities included the launch of the People of Colour Network in Arts & Humanities and resources for personal tutors and students to improve staff relationships with learners. In January 2021, a new cohort of 18 student partners were appointed to the role. The King's 100, a diverse group of 100 students, reflective of the King's community, has continued to partner with senior leaders in the university and co-create student experience projects and initiatives.

In Autumn 2020 we launched a new Race Equity and Inclusive Education Fund. The Fund is open to all staff and students across the College and supports a diverse range of cross-faculty and student led activity.

Some of the initiatives supported this year have included: the creation of a new interprofessional teaching resource library of images and health-related case studies, reflecting diversity of students and patients, to support inclusive curricula across our healthcare programmes; a student-led network and blog for BME students in the English Department; qualitative insights and new professional development materials for teaching staff to support BME trainees into teaching; and a new student-staff led undergraduate BME mentoring scheme with current students and alumni. A new round of funding will be available in the 2021-22 academic year.

A working group, which included student input, created a Digital Education Accessibility Baseline that is being introduced across the academic community and King's established a fund for the creation of captions for recorded lectures. A 'Digital Capability' module was developed to support students make the most of the online environment and laptops and dongles were available for loan to ensure students had the appropriate IT resources.

We believe our university is greater when people from all backgrounds study and work at King's. Forty per cent of our undergraduate students are from the most disadvantaged areas of the country. The gap in entry between the most advantaged and least advantaged students applying to King's has closed by six per cent in the last five years, with a plan to close the gap completely in the next five years. Black and Minority Ethnic students make up nearly 60 per cent of our total student population. Almost five per cent of our home undergraduate students secured places at King's through one of our targeted Widening Participation programmes and the number of students taking part in our flagship Widening Participation programmes progressing to King's has increased year on year. Students who take part in our K+ programme are three times more likely to enter Medicine than their peers. This year we also welcomed the highest number of students to King's from priority vulnerable groups (care experienced students, students estranged from their families and forced migrants), increasing from five to 43 in the past five years. These are students achieving often in the face of the greatest challenges but are passionate and determined and we provide dedicated support to them as they are the least likely to get to university at all.

Research

Research to inform and innovate

Research is a core component of the university's mission, and underpins our priorities in education, service to society, and international and civic partnerships.

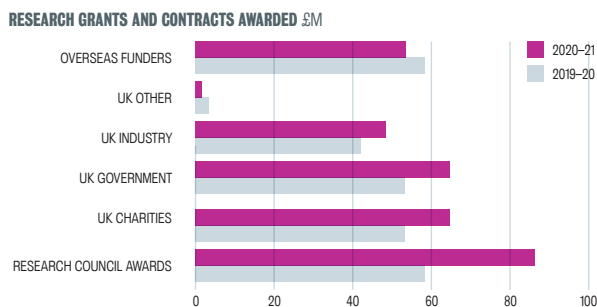
Strategy

Our first university-wide Research Strategy, launched in 2016, has transformed interdisciplinary collaboration across King's, enhanced our approach to developing talent, initiated major developments in our research environment and facilities, and begun the journey of maximising the benefits of research to education. Highlights include the flagship King's Together interdisciplinary programme, creation of the Centre for Research Staff Development, delivery of a new academic leadership programme (Leading Researchers), and new facilities such as the Surgical & Interventional Engineering Mock Operating Room, Advanced Therapies Accelerator and more. Building on increased support for strategic research funding, King's has increased its competitiveness at a national level, with recent successes including the ESRC Centre for Society & Mental Health, MRC/LifeArc Gene therapy Innovation Hub and Innovate UK AI Centre for Value-Based Healthcare.

Given the challenges and opportunities presented by the COVID-19 pandemic, we chose to build on the university Research Strategy with a short-term (18-24 month) Academic Strategy Response for Research – [kcl.ac.uk/research/assets/pdf/an-academic-strategy-for-research-2021.pdf](https://www.kcl.ac.uk/research/assets/pdf/an-academic-strategy-for-research-2021.pdf). This sets out a clear and focused set of priorities for this period, providing time for our forward five-year research strategy to be developed as we emerge from the pandemic.

The Academic Strategy for Research focuses on six areas: transforming the way we deliver research on site; maintaining momentum in research; supporting our academic pipeline; focusing on equality, diversity and inclusion; facilitating impact, engagement and commercialisation; and continuing to enhance our research infrastructure (focus on e-research). We have already made progress against these objectives, for example by launching the Emerging Research Leaders training programme, making significant enhancements to our e-research capabilities, and delivering a university-wide review of impact.

Research Funding Performance



New awards have risen substantially (+20 per cent) from last year and this impressive performance will flow through to the financial results as the awards become active over the next two years.

The largest five awards were:

- iMarkHD: Huntington's Disease Longitudinal Imaging Genetics Study (£17m)
- 2x UKRI Adolescent Mental Health and Developing Mind awards (2x £4m), providing an ideal platform for the planned Pears Maudsley Centre for Children & Young People
- MRC/LifeArc/BBSRC Gene Therapy Innovation Hub (£6m)
- GRAIL Cancer Screening Research Study (£5m).

Commercialisation and Industry Partnerships

King's has been extremely active in commercialisation this year, primarily through the creation of spinout companies (and associated external investment). Notable outcomes include:

- Quell Therapeutics (regulatory T cells for transplant and autoimmunity) received an additional £26m investment
- ZOE GLOBAL (personal health, with particular emphasis on nutrition and microbiome) received an additional £17m investment
- Adaptate Therapeutics (cancer immunotherapy) received an additional £13m investment (total to date ~£25m)
- Leucid Bio (CAR-T cell therapy for cancer) received an additional £9.5m investment
- Neurogeneus (gene therapy for neurodegeneration) was created and received £12.5m investment
- Fibrodyne (cell therapy for scarring) was created, with £2m investment in progress
- A yet-un-named new company (miRNA for cardiac regeneration) has €6m investment in progress
- HyperVision Surgical (photonic technology to delineate margins in brain surgery) and Orbi Health (digital therapeutics) have been created and investment discussions are in progress.

King's has now established a Medtech joint venture company with its health partners, Guy's and St Thomas' NHS Foundation Trust, and King's College Hospital NHS Foundation Trust to bring together the potential of healthcare, medical engineering and new technologies to support its investments, each contributing funding to develop the partnership and to drive commercialisation and support new business.

King's research has made significant contributions to the COVID-19 pandemic response, mostly notably through the COVID-19 Symptom Study, the Policy Institute's work on public opinions and perceptions, a series of studies on mental health (including in healthcare professionals), immune response and patient stratification, and participation in national priority clinical trials.

The research income reported in the accounts reflects awards won in the preceding periods and is lower than in 2019–20. The pandemic has meant many projects have proceeded more slowly than originally planned.

Equality, Diversity & Inclusion

Equality, Diversity & Inclusion (EDI) underpins Vision 2029, a guiding principle of which is to create an inclusive environment where all individuals are valued and able to succeed. King’s is striving to embed inclusion to provide an outstanding educational experience and to be an employer of choice. EDI plays a key role in attracting and retaining talented staff and students and enabling all staff and students to succeed.

Academic year 2020–21 was a full year operating within the COVID-19 context. Every part of the student and staff lifecycles have been adapted to keep our students and staff as safe as possible. Recruitment, onboarding, work and study, as well as progression, recognition and leaving, have all been conducted in very different circumstances. Staff transformed their ways of working to continue to deliver high quality education and research, and to enable the university to function.

We gained the Silver Athena Swan award during the year for recognition of impactful progress towards gender equality (joining 19 other Silver universities), and we are one of 17 Bronze Race Equality Award holders in the UK.



Race equality has continued to be a priority: our commitment to Race Equality and Anti-Racism remains constant through the delivery of our Race Equality action plan which comprises six sections, spanning leadership, capability, talent, race discussions, culture and inclusion across all of our activities.

We continue to implement our intersectional strategy pursuing progress in Stonewall’s Workplace Equality Index and improving accessibility and disability via a transformation programme. A new bullying and harassment policy ‘Dignity at King’s’ was published in September 2020 and a refreshed Religion and Belief policy will soon be published. We are proud to have a sector leading Dharmic Prayer Room (the first of its kind in a UK university) and to have held a successful interfaith week to foster good relations.

We continue to publish our Gender Pay Gap as required by law, and voluntarily publish our Ethnicity Pay Gap [kcl.ac.uk/hr/payequality](https://www.kcl.ac.uk/hr/payequality). Our mean gender pay gap has reduced from 19.5 per cent in 2017 to 17.1 per cent in 2020. Our mean ethnicity pay gap has increased to 19.9 per cent in 2020 from 13.2 per cent in 2018, largely due to the in-sourcing of over 350FTE of cleaning and security staff. We are tackling these gaps through our Athena Swan and Race Equality action plans.

Coronavirus and EDI

EDI has continued to be a guiding principle for the university’s coronavirus response. As we move to another change in our working practices, Equality Analysis for Ways of Working and Returning Well programmes guide our thinking and policy making. This ensures the fullest range of staff are actively considered, including parents and carers, staff with disabilities, and staff in different job functions.

King’s College London challenges itself to continually improve and has created a series of Key Performance Indicators (KPIs) to manage and monitor progress towards key goals. Our EDI KPIs are set annually with progress monitored by our Council. Our targets track with the upper quartile of comparable universities. Our data shows we are exceeding our near term targets for proportions of senior female professional services staff, Black and Minority Ethnic academic and professional services staff, and for female Black and Minority Ethnic professional services staff. We are under the target for senior female academic staff and female Black and Minority Ethnic academic staff.

KPIs at King’s institutional level

	2020–21	2019–20	King’s target
Senior female academic staff %	38.1	38.1	41.6
Senior female professional services staff %	50.8	48.7	49.9
Black and Minority Ethnic (BME) academic staff %	21.3	20.9	21.0
BME professional services staff %	23.1	22.7	22.4
Female BME academic staff %	10.5	10.5	11.0
Female BME professional services staff %	14.0	13.6	13.5

Service

Giving back to society through meaningful service

Service is a core part of our academic mission alongside Education and Research. It embodies our commitment to positive social impact, at home in London, across the UK and around the world. By helping to shape and transform local, national and international communities through innovative social reform initiatives, embedding service to society within the educational experience, delivering research focused on meeting societal need, supporting volunteering among our students, staff and alumni, and committing to environmental sustainability, we aim to create real and lasting change.

In recognition of our commitment to positive social impact, King's placed eleventh in the world, fourth in Europe and second in the UK in the Times Higher Education (THE) Impact Rankings 2021. This prestigious recognition comes in the third edition of the THE Impact Rankings, which assessed submissions from more than 1,000 institutions from across the world. These pioneering rankings use the UN's Sustainable Development Goals (SDGs) as a framework for reporting on the social and environmental impact of universities. King's was especially recognised for supporting strong institutions and promoting peace and justice, ranking fourth in the world for SDG 16 'Peace, Justice and Strong Institutions'. The university also ranked highly for our work with local, national and international partners, placing tenth in the world for SDG 17 'Partnerships for the Goals', which is the only goal all participating universities must provide data on to be included in the overall ranking. Our greatest improvement was for SDG 13 'Climate Action', which saw us increase 30 positions, placing King's among the top 20 universities in the world for acting to address climate issues.

In 2020–21, King's strengthened our whole-university strategic partnership with national community organising charity Citizens UK through innovative student offerings. This includes the MA module 'Migration, Social Justice and Community Organising' that is co-delivered with Citizens UK. This module aims to provide students with a working knowledge of community organising, including related theories, methodologies and practices, as well as the ability to develop community social justice campaigns. Campaigns developed by participating students include proposing new approaches to tackling hate crime in London and helping to settle the status of an estimated 1.2 million undocumented people living in the UK.

In partnership with Citizens UK, King's also developed bespoke Community Organising Training for all students as part of King's Edge, a programme of extra-curricular initiatives and events available to all students that launched in April 2021. This training was designed to equip students who care about their community and want to take action to improve the lives of others with the skills they need to become more effective community leaders. Students who completed the introductory training session on the Principles of Community Organising were invited to participate in three masterclasses on Storytelling for Power and Action, Power, and Taking Action.

King's purchases third party goods and services in ways which are beneficial to society and in particular King's local boroughs, promoting responsible environmental, social and economic goals, and ensuring we meet the requirements of the Public Services (Social Value Act) 2012, the Equalities Act 2010, the Modern Slavery Act 2015, and other legal obligations. To achieve this, King's implemented a Socially Responsible Procurement Policy.

A key example of this policy in practice is our furniture contract with social enterprise SouthernBroadstock, through which four per cent of our annual expenditure with this company (we spend between £1 and £2 million on furniture each year) goes towards a community fund to benefit local causes in our boroughs that reflect the SDGs. In April 2021, four new King's Civic Challenge prizes that align with the SDGs were awarded funding through the university's innovative contract with SouthernBroadstock.

In addition, King's worked with local social enterprises and ethical suppliers to produce thousands of reusable face coverings for students and staff as part of our collective measures to create a COVID-19 secure environment and to support our community in protecting themselves and others on campus and beyond. Some of the 45,000 face coverings were produced by social enterprise The Skill Mill, which provides employment for ex-offenders aged 16-18 across the UK. Initially founded to provide training and opportunities in water and land-based management, The Skill Mill started producing face coverings during the pandemic.

Our Service ethos has continued to determine King's response to the COVID-19 pandemic, with students and staff developing innovative and inspirational ways to support one another and communities beyond King's. With the impact of COVID-19 expected to be long-lasting and far-reaching, King's will continue to serve our local, national, and international communities as we navigate the challenges ahead.

London

Working with our local communities

The integration of London into the learning experience, maximising the potential of London as a living classroom and bringing its rich diversity into teaching and learning is a key and distinctive contributor to student experience and success.

As travel and access to London was constricted by the pandemic, faculties and directorates responded rapidly and creatively with a cross-King's effort to 'bring London to students' despite the restrictions.

This year saw the launch of London-based and inspired modules underpinned by collaborations with local partners and communities. Modules like these allow students to get behind the 'gilded rope' of London's institutions and agencies, offering unique access to speakers and places that are often difficult to secure. For example, the Mayor of London, and other senior leaders from across the capital, 'dropped in' to join the discussion and meet with students participating in the London: History and Governance module.

Early in the pandemic, it was clear the effect had been to accelerate King's Vision, particularly our commitment to London and to our local partnerships. As the year progressed, King's relationships in our home boroughs, as well as across the capital, demonstrated their resilience as well as their strength to catalyse new collaborations and opportunities for mutual benefit. This included close working with the Directors of Public Health (DPH) in each of our home boroughs, and other boroughs in London where King's has student residences, ensuring that the DPHs were aware and assured of the range of measures in place to help prevent the spread of infection and to keep the community at King's safe and healthy.

Researchers across King's are working closely with local councils in our home boroughs as they embark on recovery. Dr Rob Cowley (Geography, SSPP) led an iterative process bringing together colleagues from King's with Westminster City Council to explore new ways to work together, for mutual benefit, identifying potential opportunities and shared priorities for research, alongside opportunities for students to gain insight and real-world experience for projects and programmes.

With Lambeth Council, the first of a series of roundtables has taken place bringing academics and professional services staff from King's together with the Council, to identify shared priorities that will contribute to the recovery of Lambeth while also creating opportunities for education and research. Last year, King's pledged to support Southwark Stands Together, an initiative led by Southwark Council, to recover from COVID-19 while addressing inequalities. King's has remained steadfast to this pledge providing access to expertise from academic colleagues across King's.

With Lambeth and Southwark Councils, alongside King's Health Partners, Guy's and St Thomas' Foundation, SC1 is a new partnership to develop deeper local collaborations to drive improvements in health and wealth inequalities, both locally and globally. As a pilot and to seed collaboration with local schools and communities, Professor Prashant Jha (Head of Affordable Medical Technologies, School of Biomedical Engineering & Imaging Sciences) developed a summer programme called AHEAD Together to co-create solutions to local challenges taking a Design Thinking approach.

Perhaps the most impactful local development this year has been the realisation of Westminster City Council's long-held ambition to pedestrianise Strand Aldwych – www.strandaldwych.org. Along with our close neighbours, Somerset House, St Mary Le Strand and Courtauld, King's has been working as a core partner on this with the Council over many years, ensuring the opportunities it presents for King's are maximised. While the fully finished scheme will not be in place until at least the end of 2022, the traffic switch which has already taken place is a major bonus for King's, bringing together Bush House and the King's/Strand buildings into a single 'campus'.

Across the year, King's has been well represented on London-wide bodies and fora related to transition and recovery, including the newly formed Greater London Authority's (GLA) London Civic Strength Index Steering Group, Research Advisory Group of the GLA's Violence Reduction Unit and the GLA and the Ministry of Housing, Communities and Local Governments, London Transition & Recovery Boards.

International

An international community serving the world

With students and staff from over 150 countries, King's is a truly global university, and at the heart of our vision for internationalisation are two core values: cultural competency and having a global problem-solving mindset. As we navigated the challenges posed by the COVID-19 pandemic in 2020–21, these values took on even greater significance.

As part of King's early response to COVID-19, we reorganised our international-facing resources to support work on communications and engagement with international students for well-being and recruitment and to mitigate the impact on existing collaborative education provision, including joint and dual programmes, Study Abroad and placements, by pivoting online in collaboration with our partners. We provided alternative and robust English Language Testing options for new prospective students and maintained King's international profile and reputation through the development of narratives highlighting King's differentiation and values-based approach to internationalisation, especially our focus on cultural competency.

At King's we define cultural competency as the ability to see the world through the lens of other people in all their diversity. Defined in this way, cultural competency helps students and staff to expand their worldviews and perspectives on problem solving. In 2020–21, we accelerated plans for a university-wide Cultural Competency programme for all students and staff, resulting in the delivery of staff and student workshops, co-development of a new module and the creation of an online Cultural Competency Kickstarter for all incoming first year students from September 2021.

Global reach remains the cornerstone of King's ability to be an international community that serves the world. Strategic networks of institutional relationships connect our staff and students with world-leading collaborators, increasing research impact, diversifying sources of research funding, providing innovative and unique educational offerings, creating opportunities to expand perspectives and create global mindsets, and attracting a diverse pipeline of students and staff to King's.

The academic year 2020–21 saw the establishment of a series of Regional Networks of experts from across King’s to advise on regional engagement strategies, as well as the appointment of Global and Regional Envoys to support our global engagement. The Envoys, along with the co-Chairs of the Regional Networks, join Faculty Vice-Deans International and professional services leads in translating our vision for global reach into regional portfolios that support our academic mission.

For example, in April 2021, King’s became a founding member of the UK-Singapore Universities Alliance for Entrepreneurship and Innovation (UKSAEI), which aims to accelerate academic-industry partnerships and knowledge transfer between the UK and Singapore. The alliance comprises eleven UK universities and four universities from Singapore, including National University of Singapore (NUS) and Nanyang Technological University (NTU). Also in 2020–21, King’s first joint seed funding call with an Indian partner institution, Tata Institute of Fundamental Research – National Centre for Biological Sciences (TIFR-NCBS) became a reality.

While the impact of BREXIT continues to unfold, our European relationships remain of paramount importance and an area of considerable focus. For example, the Circle U Alliance of European universities, of which King’s is a founding partner along with the Universities of Oslo, Paris, Belgrade, Aarhus, UCLouvain and Humboldt, was formally launched in November 2020 and has progressed with developments in all its work streams.

King’s remained an active participant in the Guild of European Research-Intensive Universities in 2020–21 also, shaping EU research policy, and King’s Global Envoy Professor Luca Viganò was elected to the Steering Committee of the UNICA Network (the Network of Universities from the Capitals of Europe), which comprises 54 universities from 38 capital cities of Europe, combining over 180,000 university staff and two million students.

To continue supporting student mobility following the UK’s withdrawal from Erasmus+, we have engaged with the Turing Scheme and will continue to foster networks that support exchanges and maximise opportunities for student and staff mobility.

For example, King’s and Kasturba Medical College, Manipal Academy of Higher Education (India) co-designed and delivered an innovative four-week virtual global health elective course after in-person elective exchanges between the partner institutions were not able to go ahead due to COVID-19. The elective launched in March 2021 with support from an Association of Commonwealth Universities grant.

The Institute of Psychiatry, Psychology & Neuroscience also added new PhD exchanges to the current student exchange programmes between King’s and the University of Melbourne, while Arts & Humanities and Social Science & Public Policy colleagues advanced collaborations with the University of North Carolina Chapel Hill on Collaborative Online International Learning (COIL) courses, with four courses (Geography, Music, Political Economy and History) being offered in 2020–21.

As we adjust and innovate in response to our environment, King’s remains firmly committed to developing students, staff and alumni who can contribute to building a better, fairer world as members of an international community that serves the world.

Prospects and planning outlook

We are cautiously optimistic about our mid to longer term finances. Demand for our programmes continues apace, with demographic forecasts indicating a growing pool of 18 year olds over the next few years together with a growth in the proportion of this population seeking higher education. This outlook also extends to our international markets where growth in demand is expected by the sector focused Higher Education Policy Institute from countries such as China and many from the African subcontinent in particular.

Our forward order book for research grants and contracts continues to grow, and our research excellence is also reinforced by our improved position in global research rankings.

Through the pandemic we have learnt that new ways of working for our staff may offer the opportunity to make more permanent changes that improve their work/life balance and enable us to make some space efficiencies, releasing more areas on campus for front line academic activity. Through necessity we developed new blended learning opportunities for our students and although we are moving back to a campus-based experience, we now have the tools to offer complementary learning and enrichment opportunities for our students where demand has been identified.

There continues to be volatility both in the sector and in the global economic environments in which we operate. COVID-19 infection rates are rising in the UK and there is a patchy global picture with travel restrictions changing very rapidly. For King’s, this affects the ability of our international students to study on campus and, potentially, to return home at the end of term.

We will continue to be vigilant to ensure we offer maximum flexibility and support to our staff and student community. This may have financial consequences for the university as in prior years. We have set aside funding in our operating plans to keep our campuses clean and safe and continue to invest in our own high quality KCL-Test solution which offers a regular free, non-invasive PCR test for all staff and students.

The combination of the pandemic and the ongoing effect of BREXIT, together with other inflationary increases is putting pressure on construction and key science and medical supply chains and we are keeping a careful watch on our capital projects; value engineering where appropriate.

There are consequences from the previous year's impacts on our progress on some of our research projects, where work has not been completed as quickly as originally planned, although these issues are rapidly reducing.

At a sector level, we expect that some institutions will have had a challenging 2021–22 admissions cycle as changes in A-level grading affected the markets for some. At King's this meant we admitted more undergraduates than expected. These changes continue to make it challenging to achieve planned student intakes at undergraduate level. We continue to model carefully the impacts of policy decisions in this space and seek to deliver a quality experience for all who join King's.

Some 60 per cent of our staff are members of USS and recent negotiations on pension funding have been very unsettling for many. We are hopeful that a settlement is now in prospect but there is no doubt that some pension fund members will have wanted better outcomes from this process. Once the valuation is concluded we will commence working with the sector, unions and the USS Trustee on a wider ranging review of the scheme's benefits, cost and governance, and considering a range of changes that will secure better longer term sustainability and flexibilities which are intended to reflect the needs of staff throughout their careers.

King's is a member of the sector collective pay bargaining process. We have now had a number of years of modest pay awards and against a background of a predicted uptick in inflation, and an increase in national insurance contributions, there may be some further pressure on our pay costs.

Recent Autumn budget announcements did not include a spending review settlement for the main elements of higher education funding but we were encouraged by the proposals to increase research and development funding by nine per cent (2020–21 to 2022–23) and the schemes to support Innovate UK, Net Zero Carbon and the Turing scheme for student and academic exchanges.

The detail of how these settlements will affect King's will emerge over the next period.

We understand that the government intends to publish a response to the Augar recommendations shortly, that will include proposals to be consulted on. A definitive outcome and subsequent implementation could take several years to implement.

Finally, in terms of planning, maintaining and developing operating cash surpluses is crucial for both risk management and for the university's forward investment plans. Until we are confident that market and sector volatility has declined, we will continue to focus on conserving cash reserves.

Going Concern

The senior officers of the university and Council, as is their responsibility, have considered the going concern status of King's College London and are confident the university is and will continue to be a going concern for the foreseeable future (defined externally as a period greater than 12 months from the approval date of these financial statements). These financial statements have therefore been prepared on a going concern basis.

In coming to this conclusion, the senior officers and Council have taken the following actions:

- Prepared detailed income and expenditure, and cash flow budgets and forecasts for the 2021–22 financial year, with due regard to sensitivity of income to home and overseas student numbers.
- Prepared prudent income and expenditure, cash flow, and balance sheet forecasts for a period of five years.
- Calculated and reviewed debt covenants on both an actual and forecast basis five years from the balance sheet date, to ensure it will not breach them based upon the university's financial strategy and plan.
- Had all budgets and forecasts scrutinised by the university's Finance Committee which has expert independent members.
- Considered the solvency and liquidity position of the university and the availability to it of debt finance as required, including active management of its credit rating (as provided by Standard & Poor's).
- Considered the severe but plausible downsides the university may be faced with in the foreseeable future.

Forecasts

Despite initial concerns around the impact of COVID-19 on student numbers, these held up well in 2020–21 and have done so going in to 2021–22, giving the university cause for optimism in the short to medium term. Even taking this welcome news into account, the university has prepared prudent budgets and baseline forecasts for 2021–22 and the following four years, as the step change increase in student numbers will lead to the need for an increase in the university's cost base. This is combined with an expectation of wider economic inflationary pressures on costs due to factors such as BREXIT, fuel cost increases, and potential interest rate rises.

The university expects to generate positive Comprehensive Income in the coming years, but generally only at an approximately breakeven level.

Future Comprehensive Income is affected by rising depreciation charges which largely reflect the costs of recent investment in the campus, the cash impact of which has already largely been incurred and, in 2021–22 a forecast adverse movement in USS pension provisions.

On an EBITDA and pension movement basis our underlying returns are forecast to be approximately six per cent of income.

We expect our income to rise each year, reflecting both ongoing strong demand for a King's degree from UK and international applicants and that our research awards and order book is showing growth. However, fees from UK undergraduates remain capped and are not keeping pace with inflation and employment costs (particularly in respect of pensions) are rising at a higher rate than income. King's actively reviews its activities to deliver financial sustainability efficiencies.

Liquidity and access to debt finance

Having prepared prudent income, expenditure, and cash flow forecasts for a five year period from the balance sheet date the university is confident of generating net positive operating cash flows throughout this period. Whilst forecasting net overall cash outflows over the next five years, this is in-line with planned sustainable investment in our teaching and research facilities and relates to the expending of the debt raised in 2020–21 over this period.

Both as at the balance sheet date and based upon the forecasts over the five year period from that date, the university is confident it has comfortable head room on all its current loan covenants and is not at risk of breaching them under normal operating conditions. In 2019–20 we revalued our freehold land holdings to reflect more of the real strength of our asset base. This was done to create increased headroom and allowed us to issue £125m of new debt during 2020–21 without causing an increased covenant breach risk. This debt has been issued with the intention of funding the university's capital investment plans over the coming years. Including this capital spend the university still expects to maintain cash at a level above our target of having access to at least £175-190m of available liquidity in the foreseeable future to support it as a going concern.

The university actively manages its available cash in line with its Treasury Management Policy, which is reviewed annually by Finance Committee. The university has in place revolving credit facilities of a total value of £75m which are not currently drawn down, ensuring we have access to cash funding should we be faced with an unforeseen negative cash flow event. Having issued new debt during 2020–21 the university has no immediate plans to issue any new debt, however we maintain ongoing discussions with both potential lenders and independent debt finance advisors, ensuring that we would be in a strong position to issue new debt should an appropriate business case emerge.

This combined with the university's credit rating (independently set by Standard & Poor's, and which was AA- at the date of approval of these financial statements), gives us the confidence longer-term debt finance is available to the university should an appropriate opportunity arise.

Severe but plausible downsides

Having initially been concerned about student recruitment for 2020–21 in the face of the global social and economic impact of COVID-19 these numbers not only held up but exceeded forecasts and maintaining student numbers is no longer considered a plausible downside for the university. Instead, plausible downsides mainly relate to the exposure the university faces on the USS pension scheme and external economic conditions beyond our control.

For the last decade the United Kingdom has been operating in an economic environment of low interest rates and relatively low cost of living inflation. This has meant that despite the cap on home student fees only increasing once during this period, cost increases did not lead to this becoming an existential issue. With the combined impact of COVID-19, BREXIT, and increasing energy costs, low cost growth can no longer be relied upon in financial planning. Forecasts have been prepared on the assumption of significant inflationary cost growth in the next five years, and we remain confident that this does not present a likely going concern risk during this period.

Whilst there is uncertainty about long-term government policy for the higher education sector, we have considered a plausible worst-case scenario for student funding and are confident this would not lead to a going concern issue for the university.

The March 2020 valuation of the USS pension scheme is expected to be completed by the end of February 2022, with changes being made to the benefits package to allow the scheme to remain affordable at near to current cost levels. The next valuation will not be until March 2023 so a further negative change in the scheme valuation does not represent an immediate going concern risk.

The long-term affordability and attractiveness of the scheme to members remains a key concern to us. 2021–22 will see the start of a wider-ranging review of the scheme benefits and funding structure, and governance, with a particular focus on ensuring provision for those for whom the scheme is currently too expensive to join.

Should the March 2020 valuation not be finalised by February 2022 the USS Trustee would automatically revert to pricing based upon the current benefits package which would require total contributions of over 50 per cent of salary for each member, a level which is not affordable for either employers or employees. We are expecting the valuation to be concluded within the current timetable, but this remains a materially concerning scenario for us should it fail to be.

Whilst the March 2020 valuation is moving towards a significant but financially acceptable conclusion, the trend over the last decade of increasing actuarial deficits on the scheme means it remains a material risk to King's and the wider higher education in the medium to long-term. Through Universities UK we will continue to engage actively and constructively with the USS Trustee, the University and College Union, and the Pensions Regulator to manage this risk.

Conclusions

It is very encouraging to see our campuses coming back to life and the latest student admissions cycle has been buoyant, showing continuing strong demand for a King's degree. But 2021–22 will be another volatile year and we will continue to closely monitor our cash balances to ensure we are in a strong position to respond to any market shocks and to the potential for changes in government policies and sector- driven issues such as pay and pensions. King's regularly monitors and models its financial sustainability against a range of variables, and there are suitable mitigation plans developed for implementation should the need arise. Increasing operating cash surpluses is a crucial component of the forward financial strategy, both for risk management and for investment in King's ambitious academic plans.

Mr Michael D'Souza
Treasurer

Ms Annie Kent
Vice-President (Finance)
& Chief Financial Office

Council and Council committee membership

Members who served during 2020–21 and to the date of signing the Financial Statements

Council

The Rt Hon the Lord Geidt GCB GCVO OBE QSO FKC
Chair since 1 August 2016

Professor Sir Edward Byrne AC FKC FMedSci MD DSc FRCP FRACP FRCPE FAHMS
(Hon) FTSE FAAN MBA
President & Principal from 1 September 2014 to 31 January 2021

Professor Shitij Kapur MBBS PhD FRCP FMedSci(UK) FAAHMS (AUS)
President & Principal since 1 June 2021

Mr Vivek Ahuja
Since 1 August 2020

Mr Paul Cartwright
Since 1 August 2019

Sir Jon Coles
Since 1 August 2019

Dr Angela Dean
Member from 1 August 2012 to 31 July 2021
Vice-Chair from 7 October 2019 to 31 July 2021

Mr Michael D'Souza
Honorary Treasurer since 1 August 2016

Mr Paul Goswell
Since 1 August 2015

Ms Salma Hussain
Ex-officio, 1 August 2020–31 July 2021

Ms Zahra Syed
Ex Officio, from 1 August 2021

Sir Ron Kerr CBE FKC
Since 1 August 2019

Ms Ros King
From 1 August 2012 to 31 July 2021

Mr Steve Large FKC
Since 2 April 2020

The Right Reverend and Right Honourable Dame Sarah Mullally DBE
Since 23 November 2015

Ms Clare Sumner CBE
Since 1 August 2019

Professor Guy Tear
Since 18 November 2019

Ms Kat Thorne
Since 18 November 2019

Dr Susan Trenholm
From 18 November 2019 to 31 July 2021

Ms Nhuoc Lan Tu
Since 23 March 2016

Professor Evelyn Welch MBE FKC
Since 1 August 2013; Interim President & Principal from 1 February 2021 to 31 May 2021

Chairs' Committee

The Rt Hon the Lord Geidt GCB GCVO OBE QSO FKC
Chair since 1 August 2016

Professor Sir Edward Byrne AC FKC FMedSci MD DSc FRCP FRACP FRCPE FAHMS
(Hon) FTSE FAAN MBA
President & Principal from 1 September 2014 to 31 January 2021

Professor Evelyn Welch MBE FKC
Interim President & Principal from 1 February 2021 to 31 May 2021

Professor Shitij Kapur MBBS PhD FRCP FMedSci(UK) FAAHMS (AUS)
President & Principal since 1 June 2021

Dr Angela Dean
Member 1 August 2014 – 6 October 2019; ex officio, from 7 October 2019 to 31 July 2021

Mr Paul Cartwright
Ex officio, since 1 August 2019

Mr Michael D'Souza
Ex officio, Honorary Treasurer since 1 August 2016

Mr Paul Goswell
Ex officio, since 1 August 2015

Ms Clare Sumner
Ex officio, since 1 August 2021

Finance Committee

Mr Michael D'Souza
Chair and Honorary Treasurer since 1 August 2016

Professor Sir Edward Byrne AC FKC FMedSci MD DSc FRCP FRACP FRCPE FAHMS
(Hon) FTSE FAAN MBA
President & Principal from 1 September 2014 to 31 January 2021

Professor Evelyn Welch MBE, FKC
Interim President & Principal from 1 February 2021 to 31 May 2021

Professor Shitij Kapur MBBS PhD FRCP FMedSci(UK) FAAHMS (AUS)
President & Principal since 1 June 2021

Mr Peter Clarke
From 1 April 2015 to 31 July 2021

Ms Beatrice Devillon-Cohen
Since 1 August 2019

Dr Angela Dean
From 1 December 2012 to 31 July 2021

Mr Philip Keller
Since 1 August 2019

Ms Annie Kent
Ex officio, since 1 March 2020

Mr Stephen Large FKC
Ex officio, since 2000

Ms Isabel Neumann
Since 1 August 2019

Ms Nicky Richards
Since 1 August 2019

Mr Andrew Scott
Since 1 April 2015

Audit, Risk & Compliance Committee

Mr Paul Cartwright

Chair; since 1 August 2019

Ms Julianne Daghish

Since 1 August 2017

Dr Aleksander Ivetic

From 1 August 2020

Ms Ros King

From 4 December 2012 to 31 July 2021

Mr Waseem Malik

From 1 August 2020

Mr Adrian Signell

From 1 August 2020

Professor Guy Tear

Since 23 November 2021

Professor Susan Trenholm

From 1 August 2020 to 31 July 2021

Ms Nhuoc Lan Tu

Since 1 February 2017

Ms Sarah Wilkinson

Since 1 August 2017

Investment Subcommittee

Mr Simon Pryke

Member since 1 April 2015, Chair since 1 August 2020

Professor Sir Edward Byrne AC FKC FMedSci MD DSc FRCP FRACP FRCPE FAHMS

(Hon) FTSE FAAN MBA

President & Principal from 1 September 2014 to 31 January 2021

Professor Evelyn Welch MBE FKC

Interim President & Principal from 1 February 2021 to 31 May 2021

Professor Shitij Kapur MBBS PhD FRCPC FMedSci(UK) FAAHMS (AUS)

President & Principal since 1 June 2021

Mr Simon Cruickshank

Ex officio, since 1 June 2019

Dr Angela Dean

From 1 August 2012 to 31 July 2021

Mr Mouhammed Choukeir

Since 1 August 2019

Mr Rob Gambi

Since 1 April 2015

Mr Gary Greenberg

Since 1 August 2019

Ms Annie Kent

Ex officio, since 1 March 2020

Ms Nicky Richards

Since 1 August 2020

Mr Nick Wood

Since 1 August 2019

Mr Joseph van Zanten Gallagher

Since 8 March 2018

Estates Strategy Committee

Mr Paul Goswell

Chair since 1 August 2015

Professor Sir Edward Byrne AC FKC FMedSci MD DSc FRCP FRACP FRCPE FAHMS

(Hon) FTSE FAAN MBA

President & Principal from 1 September 2014 to 31 January 2021

Professor Evelyn Welch MBE FKC

Interim President & Principal from 1 February 2021 to 31 May 2021

Professor Shitij Kapur MBBS PhD FRCPC FMedSci(UK) FAAHMS (AUS)

President & Principal since 1 June 2021

Mr Stephen Clifton

Since 1 August 2019

Mr Michael Creamer

Since 1 August 2019

Mr Stephen Hughes

Since 1 August 2019

Ms Helen Gough

Since 1 August 2020

Ms Annie Kent

Ex officio, since 12 March 2020

Sir Ron Kerr CBE FKC

Since 1 August 2020

Mr Stephen Large FKC

Ex officio, since 1 March 2020

Mr Nick O'Donnell

Ex officio, since 1 August 2017

Mr Daniel Peltz FKC

From 4 December 2012 to 31 July 2021

Mr Sanjeev Sharma

Since 1 August 2020

Professor Richard Trembath FKC

Ex officio, since 1 September 2020

Charitable status

The university is an 'exempt' charity under Schedule 3 of the Charities Act 2011. This means King's is not registered with the Charity Commission and has no charity registration number. Under the Charities Act 2006, King's and other universities that are exempt charities are regulated by the Office for Students (OfS) as 'principal regulator' on behalf of the Commission.

As the university's trustee, the Council is responsible for defining the strategic aims of King's and directing the activities of its Executive in the furtherance of these objects. When setting objectives and planning activities, the Council and the Executive give careful consideration to the Charity Commission's general guidance and to its supplementary guidance on public benefit. Attention is also paid to guidance issued by the OfS in its role as principal regulator on behalf of the Commission.

The beneficiaries of the university's charitable activities during the year included:

- the university's undergraduate, postgraduate taught and postgraduate research students, who benefitted from the education provided by King's in their development as individuals and in their employment prospects
- the beneficiaries from the advancement of research by King's on its own and in conjunction with strategic partners
- society at large, reflected in the university's commitment to service as a strategic priority, and illustrated by the examples given above and many others.

Corporate governance

The following statement, covering the period of these financial statements and up to the date of their approval, is provided to enable readers of the financial statements of the university to obtain a better understanding of the governance and legal structure of King's.

The university endeavours to conduct its business:

- a. in accordance with the seven principles identified by the Nolan Committee on standards in public life (selflessness; integrity; objectivity; accountability; openness; honesty; leadership) and
- b. in the light of the guidance to universities that has been provided by the Committee of University Chairs in its Higher Education Code of Governance (September 2020).

King's is an independent corporation whose legal status derives from a Royal Charter originally granted in 1829. Its objects, powers and framework of governance are set out in the Charter and supporting Statutes.

The Charter and Statutes require the university to have two bodies, the Council and the Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Council is the supreme governing body responsible for the finance, property, investment and conduct of all affairs of the university including the strategic direction of the institution. The Council has independent members, from whom its Chair and Vice-Chair must be drawn, but also included in its membership are university staff members and the president of the student body. None of the independent members receives any payment, apart from the reimbursement of expenses, for the work that they do for the university.

The Academic Board is the academic authority of the university and draws its membership mainly from the academic staff and the students of the institution. It is the body responsible under delegated authority from the Council for the academic work of the university in teaching, examining and research. The Academic Board recommends major, strategic academic proposals to the Council and provides assurance to Council with respect to quality of academic programming.

Although the Council meets at least five times each academic year, most of its detailed business is handled by committees, in particular a Finance Committee; an Audit, Risk & Compliance Committee; a Remuneration Committee; an Estates Strategy Committee; a Fellowships & Honorary Degrees Committee and a Governance & Nominations Committee. The Council also has a Chairs' Committee, comprised primarily of the Chairs of the key standing committees, to take urgent decisions between ordinary meetings when convening a special meeting of Council is not possible.

Each of these committees is formally constituted with written terms of reference and specified membership, including a significant proportion of independent members selected for their expertise and knowledge, from whom the Chairs are drawn. Each reports regularly to the Council.

The Finance Committee inter alia recommends to Council the university's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also approves comprehensive Financial Regulations for the conduct of the financial affairs of the university.

The Audit, Risk & Compliance Committee is responsible for meeting at least once annually with the external auditor to discuss audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the university's systems of internal control, together with management's response and implementation plans. It receives and considers reports from the Office for Students (OfS) as they affect the university's business and receives reports from other statutory, regulatory or funding agencies concerning the university's compliance with relevant legislation and standards. It also reviews accounting policies and any major changes to the university's accounting principles and practice that are brought to its attention by the external auditor, internal audit or management.

The Remuneration Committee determines the annual remuneration of the President & Principal, Senior Vice-Presidents and Provosts, Vice-Principals and the College Secretary. The university follows the guidelines laid out in the Committee of University Chairs higher education remuneration code.

The principal academic and executive officer of King's is the President & Principal, who has a general responsibility to the Council for ensuring that the objects of the university are fulfilled and for maintaining and promoting the efficiency, discipline and good order of the university. The President & Principal 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.

The Ordinances of the university specify that the College Secretary should act as Secretary of the Council. Any enquiries about the constitution and governance of the university should be addressed to the College Secretary.

Statement of internal control

The Council, as the governing body of the university, has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the OfS Terms and Conditions of Funding for Higher Education Institutions.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide 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 evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 July 2021 and up to the date of the approval of the financial statements. It accords with the OfS Conditions of Registration.

The Council has responsibility for reviewing the effectiveness of the system of internal control.

The following processes have been established:

- The Council considers the plans and strategic direction of the university on an annual basis.
- The Audit, Risk & Compliance Committee independently reviews the effectiveness of internal control systems and the risk-management process.
- The Council receives termly reports from the Chair of the Audit, Risk & Compliance Committee concerning issues of risk, internal controls and their effectiveness, which are informed by regular reports from senior management on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The University Executive has overall responsibility for Risk Management in the university and is supported in this task by the Director of Strategy, Planning & Analytics who coordinates the processes which underpin risk management, including the production of a Corporate Risk Register, appropriate Risk Appetite Statements and balanced scorecards for each key risk.
- The Audit, Risk & Compliance Committee reports to Council its findings in respect of the effectiveness of the risk-management process. This is informed by a termly report from the Director of Strategy, Planning and Analytics which contains updates to the corporate risk register and risk-appetite statements, along with any other relevant developments in the control of risk at the university.

- The Audit, Risk & Compliance Committee receives regular reports from the Business Assurance Directorate on the effectiveness of internal controls based on work undertaken in accordance with its approved internal audit plan.
- The management of financial risk was a key focus for both executive management and College Council this year. A specific internal audit exercise which set out to examine this process found financial risks management to be adequate and effective.
- The university has developed a suite of key performance indicators (KPIs), allowing the Council to monitor progress towards the achievement of strategic objectives. The corporate risk register makes clear links to relevant KPIs.
- The university has an Internal Audit Unit, as part of the Business Assurance Directorate, which sits within the College Secretariat. The Internal Audit Unit operates to standards defined within the Audit Code of Practice, which was appended to the OfS Terms and Conditions of Funding for Higher Education Institutions in 2018-19 and had previously been the audit standard set by the Higher Education Funding Council for England (HEFCE) Memorandum of Assurance and Accountability. The university will continue to operate to these standards as a guide for best practice.
- The Internal Audit Unit submits regular reports to the Audit, Risk & Compliance Committee that include an independent opinion on the adequacy and effectiveness of the university's system of internal control, together with recommendations for improvement.
- The Council receives termly and annual reports from the Audit, Risk & Compliance Committee, as well as an annual report from the Deputy College Secretary and Chief Compliance Officer. Each report contains an opinion which includes an assessment of the effectiveness and adequacy of the overall system of internal control and the management of risk.

The Council's full review of the effectiveness of the system of internal control for the year ended 31 July 2021 was informed by the Audit, Risk & Compliance Committee, the work of the Business Assurance Directorate, and by reports of the executive managers within the university who have responsibility for the development and maintenance of the internal control framework. It was also informed by comments made by the external auditor in its management letter and other reports.

Statement of Council responsibilities in respect of the financial statements

In accordance with the Royal Charter, the Council of King's College London is responsible for the administration and management of the affairs of the university; it requires audited financial statements to be presented for each financial year.

The Council is responsible for preparing 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.

It is 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 Council is required to prepare financial statements that 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 Council is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards 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 it either intends to liquidate the group or the parent university or to cease operations, or has no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent university's transactions and disclose with reasonable accuracy at any time the financial position of the parent university. They are responsible for such internal control as they determine is necessary to enable the 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 Council 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
- legacy funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources, and
- the economical, efficient and effective management of the university's resources and expenditure are secured.

The Council 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.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium- and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets scrutinised by Finance Committee
- regular reviews of academic and non-academic performance and quarterly reviews of financial results involving variance reporting and updates of forecast outturns to the executive and governance committees
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee under delegated authority from the Council. These were updated during the 2020–21 year.
- a professional and independent internal audit team whose annual programme is approved by the Audit, Risk & Compliance Committee and endorsed by the Council and whose head provides the Council with a report on internal audit activity within the university and an opinion on the adequacy and effectiveness of the university's system of internal control, including internal financial control. Any system of internal financial control can, however, only provide reasonable, not absolute, assurance against material misstatement or loss.

Independent auditor's report to the Council of King's College London

Report on the audit of the financial statements

Opinion

We have audited the financial statements of King's College London ("the University") for the year ended 31 July 2021 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheets, Consolidated Statement of Cash Flows and related notes, including the Statement of Principal 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 2021, 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; and
- 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.

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 Council 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").

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Directors, the Audit, Risk and Compliance, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Audit, Risk and Compliance Committee, College Council, Finance and Investment Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees, research grants and contracts income, donations and endowments, and other income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements..

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to seldom used accounts, and those posted to unrelated accounts.
- Sample testing of income received in the period 12 July 2021 to 30 Sept 2021 to determine whether income was recognised in the correct accounting period.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Council and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the University's registration with the Office for Students or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety legislation, employment and social security legislation, anti-bribery, money laundering, recognising the nature of the Group and University's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Operating and Financial Review, Corporate Governance and Statement of Internal Control is consistent with the financial statements.

Council responsibilities

As explained more fully in their statement set out on page 27, the Council 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 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;

- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 9 has been materially misstated.

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 5 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 Council and in accordance with the Articles, Charters, Statutes or Ordinances of the institution. Our audit work has been undertaken so that we might state to the Council 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 Council for our audit work, for this report, or for the opinions we have formed.

Fleur Nieboer Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Statement of principal accounting policies

1. Accounting convention

These 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 issued in 2019. 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 has applied the relevant public-benefit requirement of FRS 102.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of endowment asset investments, and freehold land.

The functional currency of the university is Pounds Sterling, the currency of the United Kingdom, which is the primary economic environment the university operates in. The consolidated Financial Statements are also presented in Pounds Sterling. Foreign operations are included in accordance with the Foreign Currency Translation Policy set out below.

Judgements made by management in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to these financial statements.

3. Basis of consolidation

The consolidated financial statements consolidate the financial statements of King’s and all its subsidiary undertakings for the financial year to 31 July, with uniform accounting policies adopted by the university and its subsidiaries. Intra-company sales and profits are eliminated fully on consolidation.

Joint ventures are accounted for using the ‘Equity Method’. They are initially recognised at transaction cost adjusted each year to reflect the university’s share of the joint venture’s Comprehensive Income, recognised through Other Comprehensive Income. Joint ventures are reviewed annually to ensure that the investment is worth the carrying amount and a provision against the value created, if necessary.

In accordance with Section 9 of FRS 102, the consolidated financial statements do not include those of the King’s College London Students’ Union, in which the university has no financial interest and no control or significant influence over policy decisions.

The university has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the university in its separate financial statements.

4. Going Concern

The university continues to adopt the going concern basis in preparing these financial statements. In coming to this conclusion Council and the Officers of the university have undertaken the following actions:

- Prepared detailed income and expenditure, and cash flow budgets for forecasts for the 2021–22 financial year, with due regard to sensitivity of income to home and overseas student numbers.
- Prepared prudent Income and Expenditure, cash flow, and balance sheet forecasts for a period of 5 years
- Calculated and reviewed debt covenants on both an actual and forecast basis 5 years from the balance sheet date, to ensure it will not breach them based upon the university’s financial strategy and plan.
- Had all budgets and forecasts scrutinised by the university’s Finance Committee which has expert independent members.
- Considered the solvency and liquidity position of the university and the availability to it of debt finance as required, including active management of its credit rating (as provided by Standard & Poor’s).
- Considered the severe but plausible downsides the university may be faced with in the foreseeable future, including the ongoing impacts of COVID-19, the United Kingdom leaving the European Union, and the uncertainty around the USS pension scheme technical deficit.

Based upon this Council is confident that the university has adequate resources to continue in operational existence for the foreseeable future, and will have sufficient funds to meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

Council is not aware of any material uncertainties which would prevent the university from continuing as a going concern.

5. Recognition of income

Provision of goods and services

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 to the external customers or to the extent of the completion or provision of the service supplied.

Tuition fees and education contracts

Student-fee income is stated net of any expenditure that is a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Agency

Funds the university receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the university where the university is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grants

Where the university receives income, such as grants, on a basis that is without commercial substance it accounts for this on a Non-Exchange Transaction basis. A Non-Exchange Transaction is defined as when:

“An entity receives value from another entity without directly giving approximately equal value in exchange.”

Government grants include funding council block grant, research grants from government sources, and other grants and donations from non-government sources (including research grants).

As set out in Section 24 of FRS 102, Government Grants, the university has opted to account for government grants as for other non-exchange transactions, under the performance model. Income is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and performance related conditions specified in the agreement are met. In the absence of performance conditions income is recognised in full as soon as it becomes receivable.

Performance conditions are defined as follows:

“A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance.”

Resources received in advance of completion of performance conditions are recognised on the balance sheet as deferred income and released to the Statement of Comprehensive Income and Expenditure as conditions are met. Where grants are received in arrears accrued income or receivable assets are recognised in line with income recognition.

For OfS / Research England funding grants relating to a single academic year, income is recognised in full in the period to which the grant relates. Grants relating to more than a single year are recognised pro-rata across the term of the grant.

Grants for the purpose of purchasing or constructing specific assets are recognised as income upon the asset being brought into use, or in line with phased completion of large construction projects where this is the performance condition. Grants where the university has discretion over the assets purchased or built and there is no performance condition are recognised in full as income when the grant becomes receivable.

Income is classified as ‘Research Grants and Contracts’ when it meets the Frascati definition of research as set out by the Organisation for Economic Co-operation and Development (OECD), and which is generally accepted within the Higher Education sector as the standard by which work is determined to be research. In the majority of cases research income is recognised in line with expenditure of the grant on the research area and any related contributions towards overhead costs, spend on appropriate research costs being the performance condition.

Donations, endowments, and non-government capital grants

Donations and endowments are non-exchange transactions which do not meet the definition of government or research grants and are accounted for under the performance model.

Donation and new endowment income is recognised within the Statement of Comprehensive Income when the grant is receivable (legal/contractual commitment) and performance-related conditions specified in the agreement are met. In the absence of performance conditions income is recognised in full as soon as it becomes receivable, being the earlier of receipt of the donation or contractual obligation from the donor.

Donations and endowments with donor-imposed restrictions are recognised in restricted income and restricted endowment reserves respectively and retained within the restricted reserves until such time as it is used in line with the restrictions, at which point the income is released to general reserves through a reserve transfer.

Restrictions are defined as:

“A requirement that limits or directs the purposes for which a resource may be used that does not meet the definition of a performance-related condition.”

Donations with no restrictions are recorded in unrestricted income reserves.

There are four main types of donations and endowments with restrictions, which are:

- restricted donations – the donor has specified that the donation must be used for a particular objective
- unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate income for the general benefit of the university
- restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the university can convert the donated sum into income
- restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate income to be applied to a particular objective.

Donations for the purpose of purchasing or constructing specific assets are recognised as income upon the asset being brought into use, or in line with phased completion of large construction projects where this is the performance condition.

Investment Income

Investment income from short-term deposits is included in the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Endowment investment income and appreciation is recorded as income in the year in which it arises, as either restricted or unrestricted income according to the terms of the individual endowment fund.

The university operates a total return endowment investment management policy for permanent endowments. This allows the spending of permanent endowment investment gains regardless of whether they are realised or unrealised capital gains or dividend and interest income. The Investment Subcommittee has adopted a total return spending rate of four per cent applied to the average ending portfolio valuation over the previous 12 quarters.

6. Employment benefits

Post-Employment Benefits (pensions)

The three principal pension schemes in which the university participates are the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the Department of Health's NHS Pension Scheme (NHSPS). The schemes are valued at least every three years by professionally qualified and independent actuaries.

SAUL is a defined benefit scheme, and with effect from 1 October 2016, USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

The assets of both schemes are held in separate trustee administered funds. Due to the mutual nature of the schemes, the assets are not attributed to individual institutions and scheme wide contribution rates are set. The university is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by Section 28 of FRS 102 Employee Benefits, the university accounts for the schemes as if they are defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the schemes in respect of the accounting period.

A liability is recorded within provisions for any contractual commitment to fund past deficits within either USS or SAUL as determined by the scheme management. The provision being calculated on a discounted future cash flow basis and the associated expense and subsequent release being recognised as staff costs in the Statement of Comprehensive Income and Expenditure.

NHSPS is a statutory, unfunded, multi-employer, defined benefit scheme in which the university is unable to identify its share of the underlying liabilities and assets, and it is accounted for as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. As the scheme is unfunded there is no requirement to provide for contractual commitments to fund past deficits.

Short-term Employee 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. A liability is recognised at each Balance Sheet date to the extent that employee holiday allowances have been accrued but not taken, the expense being recognised as staff costs in the Statement of Comprehensive Income and Expenditure.

7. Finance leases

Leases in which the university assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

9. Repairs and maintenance

Expenditure to ensure that a Property, Plant and Equipment asset maintains its previously recognised standard of performance is recognised in the Statement of Comprehensive Income and Expenditure in the period in which it is incurred. The university has a planned maintenance programme, which is reviewed annually.

10. Foreign currencies

Transactions denominated in foreign currencies are translated to sterling at the foreign-exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to sterling at the foreign-exchange rate ruling at that date. Foreign-exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income and Expenditure. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

11. Intangible assets

Software licences and implementation costs

Software, licences, and their associated implementation costs, costing less than £25k are written off in the year of acquisition. All other software, licences, and associated implementation costs are capitalised at cost (including irrecoverable VAT and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended) and recognised as intangible assets.

Capitalised software and licences are depreciated over their useful economic life of up to 5 years or the remaining length of the licence, using the straight-line method.

12. Fixed assets

Freehold land

Freehold land is accounted for under a revaluation policy, being valued at cost at initial recognition and subsequently being revalued to fair value with positive movements recognised in Other Comprehensive Income and in a revaluation reserve. Negative movements in fair value are recognised in Other Comprehensive Income to the extent that they reverse previously recognised gains, or expenditure where they take the asset below its original cost. Fair value has been calculated without deduction for costs which may be incurred on any subsequent sale.

The university has a policy of ensuring a full revaluation takes place at least every five years, or more frequently where there is evidence that the market value is materially different to the current value.

Depending upon the nature of the property fair value is measured on a depreciated replacement cost, existing use value or market value basis. All valuations comply with the Royal Institute of Chartered Surveyors global valuation standards.

Buildings and Leasehold Land

Buildings and long leasehold land are stated at cost (including irrecoverable VAT and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended) less accumulated depreciation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the university.

- Freehold buildings are depreciated on a straight-line basis over their expected useful lives of 50 years, and 100 years in respect of new-build property.
- Leasehold land is depreciated over the life of the lease.

No depreciation is charged on assets in the course of construction.

Equipment and Plant

Equipment costing less than £25,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost (including irrecoverable VAT and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended) and depreciated over its expected useful life:

- Plant – 15 years
- Capitalised leased equipment – 15 years
- Fixtures and fittings – 15 years
- Equipment purchased on research grants – remaining term of the grant
- All other equipment – 5 years

Depreciation methods, useful lives and residual values are reviewed during the preparation of each balance sheet.

Impairment

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

Disposal of fixed assets

Gains or losses on disposal of fixed assets are recognised as the difference between the consideration received (net of any VAT) and the carrying value of the asset at the date of sale plus costs incurred in the sale.

13. Heritage assets

Heritage assets are books, manuscripts, specimens, objects or other assets that have historic, scientific, artistic, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture.

In so far as heritage assets are used as operational assets, as in the case of historic buildings, they are capitalised in accordance with the policies set out in point 9 above. Other heritage assets – principally printed materials, pictures and objects of scientific interest – are, for individual items exceeding £25,000, capitalised at cost or valuation on acquisition, but only where a reliable valuation is available. Valuations reflect any impairment or restrictions on use of the assets by the university. No assets acquired prior to 1 August 2000 have been capitalised, as reliable information concerning their cost or value on acquisition is not available.

Descriptions of the principal heritage assets held are set out in note 15 to the accounts.

14. Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

As per section 16.3A of FRS 102, student accommodation is not classified as investment property as the university is a public benefit entity and the property is held primarily for the provision of social benefits.

Investment properties are measured initially at cost and subsequently at fair value (without the deduction for costs which may be incurred in any subsequent sale), based on the valuation undertaken by an independent Chartered Surveyor and updated annually for market movement, with movements recognised in the Consolidated Statement of Comprehensive Income and Expenditure. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July.

15. Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment. All gains and losses on investment assets, both realised and unrealised, are recognised in the Statement of Comprehensive Income and Expenditure as they accrue.

Investments in listed shares (where shares are publicly traded or their fair value can be reliably measurable) are measured at market value.

Investments in subsidiary undertakings and associates are recognised at transaction cost less accumulated impairment losses.

16. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the university's treasury management activities. They exclude any such assets held as endowment asset investments. Highly liquid is considered to be holdings which can be liquidated in less than three months.

17. Taxation status

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The university is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the university is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478–488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The university receives no similar exemption in respect of Value Added Tax but is unable to recover input tax incurred on the majority of its expenditure, most education and research being VAT-exempt activity. Irrecoverable VAT is included in the cost of the goods or services. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The university's subsidiary companies are subject to corporation tax and VAT in the same way as any other commercial organisation. However, no provision is made for deferred tax should the taxable profits of the subsidiary companies be gift-aided back to King's.

18. Provisions

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.

King's regularly reviews the risks inherent in its educational and research activities and makes financial provision where appropriate.

In addition, the university operates its halls of residence on a self-financing basis and provides annually for the cost of long-term maintenance and regular refurbishment.

19. Financial Instruments

The university has adopted the option to apply the recognition, measurement, and disclosure requirements of sections 11 and 12 of FRS 102.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income and Expenditure.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Financial Liabilities

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Financial liabilities are de recognised when the liability is discharged, cancelled, or expires.

Consolidated and university statement of comprehensive income and expenditure

For the year ended 31 July 2021

	Note	Consolidated		University	
		2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Income					
Tuition fees and education contracts	1	505,453	428,828	505,453	428,828
Funding body grants	2	145,523	148,309	145,523	148,309
Research grants and contracts	3	187,893	200,544	187,893	200,544
Other income	4	141,324	165,473	142,817	165,566
Investment income	6	3,753	4,186	3,753	4,180
Total income before donations and endowments		983,946	947,340	985,439	947,427
Donations and endowments	7	16,591	16,835	16,591	16,835
Total income		1,000,537	964,175	1,002,030	964,262
Expenditure					
Staff costs	8	(555,481)	(562,744)	(551,006)	(558,102)
Staff costs – movement on USS pension provision	8, 23	(3,880)	116,035	(3,880)	116,035
Other operating expenses	12	(330,046)	(342,352)	(336,071)	(347,140)
Depreciation and amortisation	14, 15	(58,339)	(59,615)	(58,344)	(59,600)
Interest and other finance costs	11	(16,376)	(19,403)	(16,376)	(19,403)
Total expenditure	12	(964,122)	(868,079)	(965,677)	(868,210)
Surplus/(deficit) before other gains and losses		36,415	96,096	36,353	96,052
Gain on disposal of fixed assets		–	35,817	–	35,817
Gain/(loss) on endowment investments	26	46,149	(1,426)	46,149	(1,426)
Gain/(loss) on property investment	17	(1,063)	(730)	(1,063)	(730)
Surplus/(deficit) before tax		81,501	129,757	81,439	129,713
Taxation	13	(1)	(7)	–	–
Surplus/(deficit) for the year		81,500	129,750	81,439	129,713
Other comprehensive income					
Unrealised surplus on revaluation of tangible assets		–	484,321	–	484,321
Total comprehensive income for the year		81,500	614,071	81,439	614,034
Represented by:					
Endowment comprehensive income for the year	26	48,336	(5,810)	48,336	(5,810)
Restricted comprehensive income for the year	25	1,685	947	1,685	947
Unrestricted comprehensive income for the year	27	31,479	134,613	31,418	134,576
Revaluation reserve comprehensive income for the year		–	484,321	–	484,321
		81,500	614,071	81,439	614,034

The consolidated income and expenditure of the university and its subsidiaries relates wholly to continuing operations.

There is no difference between the surplus/(deficit) stated above and the historical cost equivalent. Total Comprehensive Income at historic cost in 2020–21 would have been £81,500k (2019–20 £129,750k)

The notes from page 41 onwards form part of the financial statements.

Consolidated and university statement of changes in reserves

For the year ended 31 July 2021

	Income and expenditure account			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
Consolidated					
Balance at 1 August 2019	258,074	4,214	529,292	–	791,580
Surplus/(deficit) for the year	(5,810)	947	134,613	–	129,750
Surplus on revaluation	–	–	–	484,321	484,321
Total comprehensive income for the year	(5,810)	947	134,613	484,321	614,071
Reserves transfer	–	(1,405)	1,405	–	–
Balance at 1 August 2020	252,264	3,756	665,310	484,321	1,405,651
Surplus/(deficit) for the year	48,336	1,685	31,479	–	81,500
Total comprehensive income for the year	48,336	1,685	31,479	–	81,500
Reserve transfer	–	(700)	700	–	–
Balance at 31 July 2021	300,600	4,741	697,489	484,321	1,487,151

	Income and expenditure account			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
University					
Balance at 1 August 2019	258,074	4,214	531,483	–	793,771
Surplus/(deficit) for the year	(5,810)	947	134,576	–	129,713
Surplus on revaluation	–	–	–	484,321	484,321
Total comprehensive income for the year	(5,810)	947	134,576	484,321	614,034
Release of restricted capital funds spent in year	–	(1,405)	1,405	–	–
Balance at 1 August 2020	252,264	3,756	667,464	484,321	1,407,805
Surplus/(deficit) for the year	48,336	1,685	31,418	–	81,439
Surplus on revaluation	–	–	–	–	–
Total comprehensive income for the year	48,336	1,685	31,418	–	81,439
Reserve transfer	–	(700)	700	–	–
Balance at 31 July 2021	300,600	4,741	699,582	484,321	1,489,244

Consolidated and university balance sheets

As at 31 July 2021

	Note	Consolidated		University	
		2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Non-current assets					
Intangible assets	14	39,783	32,245	39,783	32,245
Tangible assets	15	1,484,076	1,487,873	1,486,026	1,489,828
Investments	17	64,649	66,488	64,649	66,488
Endowment investments	18	300,600	252,264	300,600	252,264
Investment in joint venture	17	432	–	432	–
		1,889,540	1,838,870	1,891,490	1,840,825
Current assets					
Trade and other debtors due within 1 year	19	155,896	145,381	155,920	147,183
Trade and other debtors due after 1 year	19	–	2,010	–	2,010
Cash and cash equivalents		377,811	207,577	376,165	204,151
		533,707	354,968	532,085	353,344
Less: creditors: amounts falling due within one year	20	(403,661)	(355,999)	(401,896)	(354,176)
Net current assets/(liabilities)		130,046	(1,031)	130,189	(832)
Total assets less current liabilities		2,019,586	1,837,839	2,021,679	1,839,993
Creditors: amounts falling due after more than one year	21	(406,255)	(305,503)	(406,255)	(305,503)
Provisions					
Pension provisions	23	(121,527)	(122,032)	(121,527)	(122,032)
Other provisions	24	(4,653)	(4,653)	(4,653)	(4,653)
Total net assets		1,487,151	1,405,651	1,489,244	1,407,805
Restricted reserves					
Income and expenditure reserve – endowment reserve	26	300,600	252,264	300,600	252,264
Income and expenditure reserve – restricted reserve	25	4,741	3,756	4,741	3,756
Unrestricted reserves					
Income and expenditure reserve – unrestricted	27	697,489	665,310	699,582	667,464
Revaluation reserve		484,321	484,321	484,321	484,321
Total reserves		1,487,151	1,405,651	1,489,244	1,407,805

The financial statements on pages 37 to 68 were approved by the Council on 23 November 2021 and signed on its behalf by:

The Rt Hon the Lord Geidt
Chair of Council

Professor Shitij Kapur
President & Principal

Mr Michael D'Souza
Treasurer

Consolidated statement of cash flows

For the year ended 31 July 2021

	<i>Note</i>	2020-21 £000	2019-20 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		81,500	129,750
Adjustment for non-cash items			
Depreciation and amortisation	14, 15	58,339	59,615
(Gain)/Loss on property investment	17	1,063	730
(Gain)/Loss on endowment investments	18	(46,149)	1,426
(Increase)/Decrease in debtors		(8,505)	1,844
Increase/(Decrease) in creditors		48,362	33,316
(Decrease) in lease premium on development property		(869)	(869)
Write down in value of investments	17	800	800
Increase/(Decrease) in pension provisions	23	(1,407)	(120,441)
Adjustment for investing or financing activities			
Investment income	6	(3,753)	(4,186)
Interest payable	11	16,376	19,403
Endowment income	7	(6,800)	(826)
(Gain)/loss on disposal of fixed assets		–	(35,817)
Brought forward asset under construction balances written-off		550	–
Capital grant income	2, 7	(18,580)	(20,209)
Net cash inflow from operating activities		120,927	64,536
Cash flows from investing activities			
Proceeds from sale of fixed assets		–	86,315
Proceeds from sale of endowment asset investments	18	41,592	30,174
Capital grants receipts	2, 7	18,580	20,209
Investment income	6	3,753	4,186
Payments made to acquire fixed assets		(62,630)	(83,636)
Change in non-current asset investments	17	(24)	(60)
New non-current endowment asset investments	18	(43,358)	(31,015)
Endowment asset investments change in cash balances	18	(421)	5,225
Investment in joint venture		(432)	–
		(42,940)	31,398
Cash flows from financing activities			
Interest paid		(14,108)	(13,986)
Interest element of finance lease payments		(1,432)	(1,432)
Endowment cash received	7	6,800	826
Repayments of amounts borrowed		(2,003)	(2,368)
Capital element of finance lease payments		(2,010)	(1,784)
New loans		105,000	–
		92,247	(18,744)
Change in cash and cash equivalents in the year		170,234	77,190
Cash and cash equivalents at beginning of the year		207,577	130,387
Cash and cash equivalents at end of the year		377,811	207,577
Change in cash and cash equivalents in the year		170,234	77,190

Notes to the accounts

For the year ended 31 July 2021

1. Tuition fees and education contracts

	Consolidated and university	
	2020-21 £000	2019-20 £000
Full-time students charged home fees	179,005	155,475
Full-time students charged overseas fees	240,553	203,640
NHS contracted student fees	8,379	8,912
Part-time fees	33,626	21,850
Special and short course fees	30,954	28,845
Research studentship and support grants	12,936	10,106
	505,453	428,828

2. Funding body grants

	Consolidated and university	
	2020-21 £000	2019-20 £000
Funding body teaching grants	39,244	42,161
Funding body research grants	77,149	78,464
Other funding body grants	10,691	10,145
Funding body capital grants	18,439	17,539
	145,523	148,309

3. Research grants and contracts

	Consolidated and university	
	2020-21 £000	2019-20 £000
Research Councils	48,157	49,534
UK central government, local authorities, health and hospital authorities	36,451	38,976
UK industry, commerce and public corporations	12,079	16,322
UK charitable bodies	53,344	52,660
EU government	16,850	17,413
EU Charities, Industry and Other	3,662	4,784
Overseas non EU	15,783	19,400
Other UK Sources	1,554	1,181
Other	13	274
	187,893	200,544

4. Other income

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Academic departments costs reimbursed by NHS	13,929	13,663	13,929	13,663
Clinical excellence awards reimbursed by NHS	7,043	7,795	7,043	7,795
Residences, catering and conferences	21,549	47,727	21,549	47,727
Services rendered to NHS and related bodies	20,346	16,358	20,346	16,358
Gift aid payments from subsidiaries	–	–	168	159
Consultancy	29,764	24,541	31,158	24,541
Royalties	1,721	3,340	1,721	3,340
Commercial rental income	8,132	6,891	8,132	6,891
Other income	38,840	45,158	38,771	45,092
	141,324	165,473	142,817	165,566

5. Grant and fee income

The below table is provided in line with the requirements of the Office for Students' Accounts Direction and summarises the grant and fee income of the university by the nature and source of that income. All income included in the table is also included in notes 1 to 4.

	Consolidated and university	
	2020-21 £000	2019-20 £000
Grant income from the OfS	120,027	122,472
Grant income from other bodies	73,652	114,349
Fee income for research awards (exclusive of VAT)	12,937	10,106
Fee income from non-qualifying courses (exclusive of VAT)	30,954	28,845
Fee income for taught awards (exclusive of VAT)	461,562	389,877
	699,132	665,649

6. Investment income

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Income on restricted permanent endowments (note 26)	1,668	1,501	1,668	1,501
Income on restricted expendable endowments (note 26)	576	553	576	553
Other interest receivable	1,103	2,132	1,103	2,126
Other investment income	406	–	406	–
	3,753	4,186	3,753	4,180

7. Donations and endowments

	Consolidated and university	
	2020-21 £000	2019-20 £000
Capital grants	141	2,670
New endowments (note 26)	6,800	826
Donations with restrictions	6,475	10,340
Unrestricted donations	3,175	2,999
	16,591	16,835

8. Staff

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Staff costs:				
Wages and salaries	416,003	420,271	410,140	415,470
Redundancy payments	2,487	1,827	2,487	1,820
Social security costs	44,874	44,819	44,209	44,232
Pension contributions relating to current year service (note 30)	66,767	66,525	66,359	66,176
Permanently employed	530,131	533,442	523,195	527,698
Agency and contract staff costs	25,350	29,302	27,811	30,404
Staff costs (excluding pension provision)	555,481	562,744	551,006	558,102
Movement on USS pension provision	3,880	(116,035)	3,880	(116,035)
Staff costs	559,361	446,709	554,886	442,067

Agency and contract staff costs include amounts charged by third parties, including NHS Trusts, for contractors and job holders who are not directly employed by the university.

Redundancy payments have been made to 274 individuals as compensation for loss of office during 2020-21 (2019-20 213 individuals).

8. Staff costs (continued)

	2020-21	2019-20
Average number of directly employed staff, expressed as full-time equivalents:		
Academic/clinical, including research contract staff	4,246	4,362
Administrative and related staff	2,810	2,814
Technical	433	461
Cleaning and security	365	355
Other	141	152
	7,995	8,144

Remuneration of higher paid staff is the full-time equivalent basic annual salary prior to any adjustment for salary sacrifice. The number of staff are calculated on a full-time equivalent basis. Staff who joined or left part-way through a year but who would have received salary in these bands in a full year are not included. Where a proportion of the salary is directly reimbursed by the NHS, research funder, consultancy project or similar, only the portion paid by the university is disclosed. The figures for 2019-20 have been restated to include the President & Principal in line with the requirement to include their salary from this year. The figures for 2020-21 does not include the President & Principal as there was no single postholder during the year.

	2020-21 Total Full-time equivalent	2019-20 Total Full-time equivalent		2020-21 Total Full-time equivalent	2019-20 Total Full-time equivalent
£100,000-£104,999	64.0	73.9	£175,000-£179,999	1.5	2.0
£105,000-£109,999	38.9	71.8	£180,000-£184,999	2.1	1.0
£110,000-£114,999	46.7	13.0	£185,000-£189,999	1.0	1.2
£115,000-£119,999	23.1	20.8	£190,000-£194,999	1.9	3.2
£120,000-£124,999	13.1	9.8	£195,000-£199,999	2.0	2.0
£125,000-£129,999	9.9	13.5	£200,000-£204,999	-	-
£130,000-£134,999	10.9	11.7	£205,000-£209,999	-	-
£135,000-£139,999	3.7	3.6	£210,000-£214,999	1.0	1.0
£140,000-£144,999	7.8	9.0	£215,000-£219,999	1.8	1.0
£145,000-£149,999	7.3	7.3	£220,000-£224,999	0.3	0.3
£150,000-£154,999	4.9	4.9	£225,000-£229,999	-	-
£155,000-£159,999	1.6	3.7	£230,000-£234,999	0.8	0.8
£160,000-£164,999	6.1	6.8	£350,000-£359,999	-	1.0
£165,000-£169,999	5.8	7.6	£375,000-£379,999	-	0.4
£170,000-£174,999	2.9	2.0	£380,000-£384,999	0.4	-
				259.5	273.3

The accounts included a total amount of £207k in severance payments (including the cost of additional pension benefits purchased by the university) made to five higher-paid employee in 2020-21, no equivalent payments were made in 2019-20.

	2020-21 Number of roles	2020-21 £000	2019-20 Number of roles	2019-20 £000 Restated*
Key management personnel remuneration	11	2,277	11	2,424

Key Management Personnel comprises the Senior Officers of the university (kcl.ac.uk/aboutkings/principal/seniorofficers) and includes the President & Principal.

The senior executive team took a voluntary pay cut for a period of six months from August 2020 to January 2021 in response to the financial pressures of COVID-19.

8. Staff costs (continued)

	2020-21 £000	2019-20 £000
Emoluments of the President & Principal:		
<i>Professor Sir Edward Byrne – 1 August 2020 to 31 January 2021</i>		
Salary	149	350
Salary waived (<i>representing salary offered but forgone from £350k to £250k per annum across the six months</i>)	50	–
Accommodation	21	40
	<u>220</u>	<u>390</u>
Pension scheme contributions	25	73
	<u>245</u>	<u>463</u>
<i>Professor Evelyn Welch (Interim) – 1 February 2021 to 31 May 2021</i>		
Salary	98	–
	<u>98</u>	<u>–</u>
Pension scheme contributions	15	–
	<u>113</u>	<u>–</u>
<i>Professor Shitij Kapur from 1 June 2021</i>		
Salary	49	–
Accommodation	5	–
	<u>54</u>	<u>–</u>
Pension scheme contributions	10	–
	<u>64</u>	<u>–</u>
<i>Total emoluments for all holders of the role of President & Principal in-year</i>		
Salary	296	350
Salary waived (<i>representing salary offered but forgone</i>)	50	–
Accommodation	26	40
	<u>372</u>	<u>390</u>
Pension scheme contributions	50	73
Total emoluments of the President & Principal	<u>422</u>	<u>463</u>

Context: King's is a world-class institution which aspires to the very highest standards of education and research. The university is a member of the Russell Group and is one of the world's leading research-intensive universities with a global reputation for excellence. The University's Remuneration Policy for Senior Post Holders, which complies with the guidance issued by the Committee of University Chairs, recognises that King's recruits from a global talent pool in selecting its President & Principal and that different pay models operate across universities in countries from which King's may seek to recruit. The policy establishes the set of peer institutions for salary comparison purposes with which King's is aligned.

Value: Sir Edward Byrne has provided outstanding leadership to King's since his arrival in 2014. Under his leadership, King's grew significantly and strategically through implementation of Vision 2029. A number of key initiatives came to fruition under his leadership, including the acquisition and development of Bush House as a key part of campus infrastructure, the continued outstanding success of the King's Business School, the reinvigoration of Engineering within King's, and, a significant collaboration with international partners at the University of Arizona and the University of New South Wales. King's student body has continued to grow and diversify, at undergraduate and graduate levels both in terms of the number of international students and BME representation. He has led King's to greater focus on its role as a civic institution, with promotion of civic engagement and community outreach becoming critical elements of the university's strategic plans and its day-to-day activities. King's has been recognised by the Times Higher Education rankings this year as 11th in the world for societal impact and sustainability. Further, and more immediately, under his leadership King's has made significant and far-reaching contributions to the country throughout the COVID-19 crisis in research and in service nationally and locally.

Professor Byrne is a leader in higher education in the UK and internationally: He served as Deputy Vice-Chancellor of the University of London until the end of July 2019 and was named Chair of the Council of the Association of Commonwealth Universities in August 2019. He was frequently called upon by the UK government to provide input into key issues.

8. Staff costs (continued)

At Professor Byrne's request his salary had been frozen since 2014 and he declined any bonus payment. At the outset of the COVID-19 crisis and with the realisation of the potential impact of it on the university's future finances, he and the other members of the senior executive team announced that they would take a voluntary pay cut effective 1 August 2020 for a period of six months subject to further review dependent on the financial circumstances. For the balance of the 2019–20 academic year until he stepped down at the end of January 2021, Professor Byrne's salary and pension package was voluntarily reduced by 30 percent.

Professor Byrne retired from King's on 31 January 2021. He left a vibrant and thriving institution and the members of the King's community are very grateful for all he has done during his time as President & Principal.

Professor Evelyn Welch was Interim President & Principal for the period 1 February – 31 May 2021 during which time she provided outstanding leadership to King's at a most difficult period, helping the institution not only to weather but continue to thrive throughout the many and complex issues we faced in dealing with the impact of COVID-19. She also provided significant support to Professor Shitij Kapur in his transition into the role of President & Principal. She then returned to her role as Senior Vice-President & Provost (Arts & Sciences).

Professor Shitij Kapur took office in June 2021. He is an academic psychiatrist, a neuroscientist and a highly skilled and experienced senior academic leader who was recruited from the University of Melbourne where he was serving as Dean and Assistant Vice Chancellor for Health and had a critical role in growing what is Asia's largest and most highly ranked faculty of medicine, dentistry and allied health sciences. He was a senior national leader in academic medicine in Australia and played a major role in convening academia in response to Covid. Prior to taking up the role in Melbourne he was Executive Dean of King's Institute of Psychiatry, Psychology & Neuroscience. Thus, he brings not only international experience at a distinguished institution of considerable scale, but direct experience of King's, both of which will stand the university in good stead in the years to come.

Performance review process: Professor Byrne's performance is reviewed on an annual basis by the Council's Remuneration Committee, which is a standing committee of Council, chaired by the Vice-Chair of the Council and including in its membership the Chair of Council and three additional independent members of Council. In addition, during 2019–20, the Committee was advised by a remuneration expert from PwC. The annual performance review was based on progress toward a set of key performance indicators mutually agreed at the beginning of each academic year. Similar processes will be followed for assessment of Professor Kapur's performance.

Relocation expenses of £25k were paid for the move of Professor Shitij Kapur from Australia.

The pension contributions for the President & Principal paid in respect of employer's contributions to the Universities Superannuation Scheme are paid at the same rate as for other employees. In accordance with his contract of employment, the President & Principal is required to live in university-provided accommodation for the better performance of his duties. The Principal makes a personal contribution towards running costs.

We have estimated the cost of the Principal's accommodation based on a review of the open market value of similar properties discounted to reflect restrictions on use.

The relationship between the President & Principal's remuneration and that for all other employees expressed as a pay multiple are:

	2020–21		2019–20*	
	Professor Shitij Kapur	Professor Evelyn Welch (Interim)	Professor Sir Edward Byrne	Professor Sir Edward Byrne
President & Principal base pay multiple of median base pay	7.8	7.8	9.2	9.2
President & Principal total pay multiple of median total pay	8.8	7.7	10.1	10.7

As per the guidance from the Office for Students included within the calculation are only staff for whom the university are required to provide real time reporting to HMRC.

Methodology: Methodology: Full time equivalent (FTE) pay is calculated by summing relevant pay types and the percentage of FTE worked over the year (August 2020 to July 2021) and pro-rating up to 100% to give everyone an FTE equivalent salary. Data includes individuals employed by King's College London, King's College London Business Ltd and King's Talent Bank Ltd.

*Prior year comparatives for basic pay multiples have been restated to include London weighting allowances and allowances associated with an individual taking on extra responsibilities as part of basic pay to ensure comparability with current year figures.

As Professor Evelyn Welch was acting as President & Principal on an interim basis, she did not benefit from use of the President and Principal's flat for the period she performed the role leading to a lower value total remuneration package and associated pay median than the other role holders during the year.

9. Access and participation

	Consolidated and university	
	2020-21 £000	2019-20 £000
Access Investment	2,377	2,507
Financial Support	8,961	8,322
Disability Support	751	662
Research and Evaluation	235	209
	12,324	11,700

The Access and Participation costs include £2.1m of staff cost which are reported in Note 8.

The university's Access and Participation plan is published at kcl.ac.uk/study-legacy/assets/pdf/widening-participation/kings-college-london-access-and-participation-plan-2020-25.pdf

Access: Access investment includes pre-16, post-16, work with community and adults, work with disabled students, strategic work with school and other partners. The committed spend on 'Access' in the 2020-21 APP submission based on proportion of total higher fee income was £2,542,000.

Note that the spend on disabled students support provided includes ongoing work, expansion of assistive tech and inclusive approach. The expenditure here refers to services and work funded via the Student Premium as part of our overarching Student Success work, rather than higher fee income as part of the Access and Participation Plan.

The committed spend on financial support based on proportion of total higher fee income in the 2020-21 APP submission was £8,143,302. The number of eligible students was higher than forecast, leading to higher than forecast expenditure.

10. Trustees

The trustees are the members of Council, which is the supreme governing body of the university established under the Charter and Statutes. Membership of Council comprises a mixture of independent (lay) members, staff members, and the President of the King's College London Students' Union.

No member of Council receives remuneration in respect of his or her duties of Council. Total expenses were paid of £675 to or on behalf of one member (2020 – one, £796) in respect of their Council duties.

11. Interest and other finance costs

	Consolidated and university	
	2020-21 £000	2019-20 £000
Bank and other loans wholly repayable within five years	412	910
Loans not wholly repayable within five years	13,665	13,317
Finance leases	1,397	1,311
Net charge on pension schemes	902	3,865
	16,376	19,403

12. Analysis of total expenditure by activity

	Staff costs £000	Other operating expenditure £000	Depreciation and amortisation £000	Interest and other finance costs £000	Consolidated		University	
					2020-21	2019-20	2020-21	2019-20
					£000	£000	£000	£000
Academic departments	320,160	54,445	4,972	–	379,577	355,840	379,576	355,840
Academic services	27,339	27,711	7,484	–	62,534	73,087	62,532	73,086
Central administration and services	50,850	18,284	3	–	69,137	64,311	70,693	64,443
General education expenditure	11,014	39,158	–	–	50,172	55,310	50,173	55,310
Staff and student facilities	13,159	20,610	1,025	–	34,794	30,007	34,794	30,007
Premises	27,188	81,790	38,474	–	147,452	169,163	147,452	169,163
Residence and catering operations	6,536	40,472	1,451	10,487	58,946	64,648	58,946	64,648
Research grants and contracts	104,461	46,650	4,930	–	156,041	166,021	156,041	166,021
Pension provision costs	(1,407)	–	–	903	(504)	(116,576)	(504)	(116,576)
Other costs	61	926	–	4,986	5,973	6,268	5,973	6,268
Total expenditure	559,361	330,046	58,339	16,376	964,122	868,079	965,676	868,210

Cost reimbursed by NHS Trusts

Included in the university's expenditure the following costs were reimbursed by the NHS Trusts which form the King's Health Partnership, and other NHS Trusts the university provides services to.

	Staff costs £000	Other operating expenditure £000	Depreciation and amortisation £000	Interest and other finance costs £000	Consolidated		University	
					2020-21	2019-20	2020-21	2019-20
					£000	£000	£000	£000
Academic departments – costs reimbursed by NHS	13,884	1	–	–	13,885	13,791	13,885	13,791
Academic departments – clinical excellence awards	6,929	–	–	–	6,929	7,725	6,929	7,725
Academic departments – services rendered to NHS	6,933	6,684	34	–	13,651	12,487	13,651	12,487
Central administration and services	177	–	–	–	177	104	177	104
	27,923	6,685	34	–	34,642	34,107	34,642	34,107

Auditor's remuneration

Consolidated and university

External auditors' remuneration in respect of audit services:

	2020-21 £000	2019-20 £000
University financial statements	83	90
Subsidiary financial statements	12	12
US Loans and NCTL certifications	14	9
	109	111

External auditors' remuneration in respect of non-audit services:

	2020-21 £000	2019-20 £000
Corporation and other Tax	33	39
Total remuneration paid to external auditors	142	150

12. Analysis of total expenditure by activity (continued)

	Consolidated	
	2020-21 £000	2019-20 £000
Other operating expenses include:		
Operating lease rentals:		
• land and buildings	64,231	62,798
• other	20	259

13. Taxation

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Current tax				
Current tax expense	1	1	–	–
Adjustment in respect of previous years	–	6	–	–
Total Tax Expense	1	7	–	–
Factors effecting the tax charge				
Surplus before taxation	81,501	129,750	81,439	129,713
UK corporation tax at 19%	15,485	24,653	15,473	24,645
Surplus falling within charitable exemption	(15,484)	(24,641)	(15,473)	(24,645)
Other differences attributable to subsidiaries		(11)	–	–
Adjustment in respect of previous years	–	6	–	–
Total Tax Expense	1	7	–	–

The Council does not believe that the university is liable for any additional corporation tax arising out of its activities during the year.

14. Intangible assets

Consolidated and university	Assets in the course of construction		Total £000
	IT Systems £000	£000	
Cost			
At 1 August 2020	16,066	20,971	37,037
Transfers	15,634	(12,992)	2,642
Additions	1,089	7,426	8,515
Disposals	–	(448)	(448)
At 31 July 2021	32,789	14,957	47,746
Amortisation			
At 1 August 2020	(4,792)	–	(4,792)
Charge for the year	(3,171)	–	(3,171)
At 31 July 2021	(7,963)	–	(7,963)
Net book value			
At 31 July 2020	11,274	20,971	32,245
At 31 July 2021	24,826	14,957	39,783

15. Tangible assets (continued)

Included within leasehold land and buildings are a number of properties that are shared with third parties where title documentation may not exist at the present time. The net book value of these is £55,025k (2020: £56,857k).

16. Heritage assets

Heritage assets include a unique, internationally significant and continually expanding range of archival and printed sources, exhibits and pictures. These resources are available for use by the staff and students of King's, the wider academic community and any member of the public who has an interest in the university's holdings. Items may be acquired by gift, bequest, exchange or purchase on the open market.

King's aims to preserve all material in perpetuity in its original format. Surrogate copies may be created for dissemination, or where items are of exceptional rarity or delicacy. All preservation and conservation costs are charged to the Consolidated Statement of Comprehensive Income and Expenditure Account.

The principal collections are:

Archives

These comprise not only the archives of the university, but also those of organisations that it has founded or with which it has merged. Additionally, they contain the research papers of former staff and students, including Maurice Wilkins, Eric Mottram and Sir Charles Wheatstone.

The Liddell Hart Centre for Military Archives is a leading repository for research into modern defence policy in Britain. Private papers of over 700 senior defence personnel who held office from 1900 onwards form the core of this collection.

The archives consist of some five million documents.

Special Collections

The Foyle Special Collections Library houses maps, slides, sound recordings and manuscripts as well as over 150,000 printed works. Ranging in date from the fifteenth century to the present day and covering all subject areas, the collections are particularly strong in medicine, science, voyages and travels, the history of Greece and the Eastern Mediterranean, European military and diplomatic history, the history of the British Empire, twentieth-century Germany and Jewish and Christian theology.

The largest section, the FCO Historical Collection, comprises material from the former library of the Foreign & Commonwealth Office, transferred to King's in 2007, and contains over 60,000 items. Topics it covers in depth include: exploration, discovery and travel; war and cold war; diplomacy and peace-keeping; the growth, rule and decline of empires; colonial emigration and settlement; the growth and abolition of the Atlantic slave trade; trade, transport and communication; and anthropology and natural history. Although held by the university, this collection is owned by a separate company, King's College Foreign & Commonwealth Office Library Ltd, which is independent of the university.

Gordon Museum

The Gordon Museum has a large and growing teaching collection of approximately 8,000 pathological specimens with specialised sub-areas on such subjects as Forensic Medicine and HIV/AIDS. It also houses a number of important historic collections: the Joseph Towne anatomical and dermatological wax models, the Lam Qua paintings, and specimens and artefacts acquired by Thomas Hodgkin, Thomas Addison, Richard Bright and Sir Astley Cooper.

King George III Collection

This collection of eighteenth-century scientific apparatus is on loan to the Science Museum. It consists of equipment assembled during the 1750s by the natural scientist and astronomer Stephen Demainbray for use in public lectures and apparatus commissioned in 1761 by King George III from the instrument maker George Adams for the entertainment and instruction of the royal family.

Further information on all of these collections is available on the university website, kcl.ac.uk

No heritage assets were capitalised during the year as none exceeded the capitalisation threshold of £25,000. Earlier acquisitions are not capitalised because cost or acquisition values are unavailable for the majority of the assets and the benefit of a professional valuation would be outweighed by the related costs. Any valuation would necessarily be imprecise and prey to changing fashions and fluctuating market trends due to the unique nature of the assets.

17. Investments

	Investment property £000	Francis Crick Institute £000	Other investments £000	Consolidated and university	
				Total 2021 £000	Total 2020 £000
At 1 August 2020	28,231	36,800	1,457	66,488	68,690
Additions	–	–	24	24	60
Gain/(impairment)	(1,063)	(800)	–	(1,863)	(1,530)
Transfer to Debtors	–	–	–	–	(732)
At 31 July 2021	27,168	36,000	1,481	64,649	66,488

Subsidiary undertakings

Entity	Nature of activity	Nature of entity	Relationship with University	Interest
King's Talent Bank Ltd	Employment agency	Company limited by shares	Wholly owned subsidiary	100%
King's College London Business Ltd	Provision of Information technology support	Company limited by shares	Wholly owned subsidiary	100%
College Facilities Ltd	Facilities management services	Company limited by shares	Wholly owned subsidiary	100%
KCL Ventures Ltd	Dormant	Company limited by shares	Wholly owned subsidiary	100%

All subsidiaries and associated undertakings are incorporated in England and Wales and prepare accounts to 31 July each year.

The total value of capital invested in subsidiary undertakings is £4 (2019–20 £4).

Joint ventures

	KHP MedTech Innovations Ltd £000	TEDI-London £000	Consolidated and university	
			Total 2021 £000	Total 2020 £000
At 1 August 2020	–	–	–	–
Additions	432	–	432	–
At 31 July 2021	432	–	432	–

Entity	Nature of activity	Nature of entity	Relationship with University	Interest
TEDI-London	Tertiary education	Company limited by guarantee	Joint venture	33%
KHP MedTech Innovations Ltd	Commercialisation of innovation	Company limited by shares	Joint venture	40%

TEDI-London is joint venture between King's College London, the University of New South Wales, and Arizona State University to set up a new provider of higher education in the field of engineering, with a focus on attracting and empowering students and partners from diverse backgrounds and perspectives. The company was incorporated in 2019 in England and Wales and is limited by guarantee with each venturer being a one third member of the guarantee, and with the right to appoint one third of the company's directors. King's College London's share of the guarantee is £10.

For the purposes of the preparation of these financial statements TEDI-London represents a jointly controlled entity, and it is accounted for under equity method as per section 15 of FRS 102, with the university recognising its share of the net assets and annual surplus of the company. However as at 31 July 2021 TEDI-London has not yet commenced teaching and as such the company is in a net liability position, in line with section 15 of FRS 102 the university has not recognised TEDI-London within these financial statements as its share of the company is currently worth less than its original investment.

KHP MedTech Innovations Ltd is a joint venture of the King's Health Partners (King's College London, Guy's and St Thomas' NHS Foundation Trust, King's College Hospital NHS Foundation Trust) to form a company for the purposes of commercialising medical technology innovation. The company was incorporated on 25 January 2021 and the university subscribed for its shareholdings on 12 April 2021. As at 31 July 2021 KHP MedTech Innovations Ltd has not completed its first year of trading or issued annual accounts, the investment is therefore held at the initial investment value rather than the university's share of the net assets of the company.

17. Investments (continued)

Other unconsolidated undertakings

Entity	Nature of activity	Nature of entity	Relationship with University	Interest
The Francis Crick Institute Ltd	Biomedical research	Company limited by shares	Investment	17%
Rosalind Franklin Institute	Health research	Company limited by guarantee	Investment	9%

The Francis Crick Institute is a partnership between five scientific institutions and the university. Established as a charity, it is a research centre in biomedical science.

The Rosalind Franklin Institute is a partnership between 12 universities, research funders and research facilities, forming a national research institute, dedicated to developing new technologies to tackle important health research challenges.

18. Endowment investments

	Consolidated and university	
	2020-21 £000	2019-20 £000
Balance at 1 August	252,264	258,074
Additions	43,358	31,015
Disposals	(41,592)	(30,174)
Appreciation/ (Depreciation)	46,149	(1,426)
Increase/(decrease) in cash balances	421	(5,225)
Balance at 31 July	300,600	252,264
Fixed interest stocks	17,070	9,092
Equities	260,853	220,916
Bank balances	22,677	22,256
	300,600	252,264
Fixed interest and equities at cost	197,479	182,491

19. Trade and other debtors

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts falling due within one year:				
Trade debtors	22,799	26,932	22,799	26,932
Other debtors	1,550	4,238	1,553	4,038
Research grant debtors	22,543	31,548	22,543	31,548
Research grant work in progress	62,764	47,466	62,763	47,466
Prepayments and accrued income	46,240	35,197	45,621	35,132
Amounts owed by group undertakings	–	–	641	2,067
	155,896	145,381	155,920	147,183
Amounts falling due after more than one year:				
Other debtors	–	2,010	–	2,010
	–	2,010	–	2,010

20. Creditors: amounts falling due within one year

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade creditors	3,201	5,372	3,178	5,149
Deferred income	224,444	184,952	224,444	184,952
Other creditors and accruals	133,273	111,948	132,466	111,490
Holiday pay accrual	15,037	17,189	14,517	16,144
Social security and other taxation payable	21,538	29,670	21,123	29,502
Amounts owed to group undertakings	–	–	–	71
Obligations under finance leases less term deposits for repayment (note 22)	14,086	1,642	14,086	1,642
Current element of long-term liabilities (note 22)	5,511	5,226	5,511	5,226
Term deposits for loan repayments	(13,429)	–	(13,429)	–
	403,661	355,999	401,896	354,176

Term deposits for loan repayments are investments held specifically for the future repayment of loans. Since the balance sheet date the finance lease has reached maturity with the term deposit used in settlement of the outstanding liability, with the ownership of the associated freehold property transferring to the university.

Deferred income includes the following items of income which have been deferred until specific performance related-conditions have been met;

	Consolidated		University	
	2021 £000	2020 £000	2021 £000	2020 £000
Research grants received on account	132,851	105,465	132,851	105,465
Other income	26,937	30,817	26,937	30,817
Donations	16,527	18,874	16,527	18,874
Tuition fees	47,997	29,612	47,997	29,612
Other deposits	132	184	132	184
	224,444	184,952	224,444	184,952

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

	Consolidated and university	
	2021 £000	2020 £000
Obligations under finance leases (note 22)	–	12,694
Term deposits for loan repayments	–	(11,670)
	–	1,024
Loans (note 22)	388,432	285,787
Long-term borrowings	388,432	286,811
Lease premium on investment property	17,823	18,692
Long-term creditors	406,255	305,503

Loans totalling £25,523k are secured on a portion of the freehold land and buildings of the university.

The lease premium on investment property arises from the granting of a lease by King's for a term of 99 years with a yearly peppercorn rent. The lease has a break clause after 25 years, over which period the lease premium is being released to income.

22. Borrowings

	Consolidated and university			
	Finance Leases		Loans	
	2021 £000	2020 £000	2021 £000	2020 £000
Obligations under finance leases fall due and loans are repayable as follows:				
Between one and two years	–	12,694	6,887	5,511
Between two and five years	–	–	13,693	20,580
Total between one and five years	–	12,694	20,580	26,091
Over five years	–	–	367,852	259,696
Total over one year (note 21)	–	12,694	388,432	285,787
Within one year (note 20)	14,086	1,642	5,511	5,226
	14,086	14,336	393,943	291,013
Term deposits for loan repayments	(13,429)	(11,670)	–	–
	657	2,666	393,943	291,013

On 27 April 2001, the university issued £60m Senior Notes (Notes) with a fixed interest rate of 6.22%. The principal amount is repayable on 27 April 2031. Interest payments are semi-annual, on 27 April and 27 October. The university, at its option, may prepay at any time all or part of the Notes, in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding, at 100% of the principal amount so prepaid, plus the discounted value of the remaining scheduled payments with respect to the principal amount. As at the year end, it is the university's intention to hold the Notes until its final maturity date.

On 16 May 2008, the university received a £60m secured loan with an integral swap agreement to provide a fixed interest rate of 4.855%, repayable on 16 May 2048.

On 21 May 2015, the university issued £55m of senior unsecured notes with a fixed interest rate of 2.85%, due 21 May 2035.

On 21 May 2015, the university issued £60m of senior unsecured notes with a fixed interest rate of 3.03%, due 21 May 2040.

On 21 May 2015, the university issued £20m of senior unsecured notes with a fixed interest rate of 3.08%, due 21 May 2050.

On 16 June 2021, the university issued £37m of senior sustainable notes 2021 with a fixed interest rate of 2.07%, due 16 June 2061.

On 16 June 2021, the university issued £40m of senior sustainable notes 2021 with a fixed interest rate of 2.11%, due 16 June 2066.

On 16 June 2021, the university issued £28m of senior sustainable notes 2021 with a fixed interest rate of 2.12%, due 16 June 2071.

23. Pension provisions

	Consolidated and university	
	Obligation to fund deficit on pension	
	USS £000	Total £000
At 1 August 2020	122,032	122,032
Deficit contributions paid during the year	(5,287)	(5,287)
Additional discount rate interest charge for the year	902	902
Movement to reflect changes in salary growth assumptions	3,880	3,880
At 31 July 2021	121,527	121,527

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for the total payments relating to benefits arising from past performance. In calculating the current value of the USS provision a discount rate of 0.89% (2020: 0.74%) has been used based upon a Mercer UK corporate bond yield curve. Salary inflation and headcount changes up to 2025-26 are in line with the University's 5 year financial plans, after this date headcount is assumed to not change and salaries will continue to increase at the same rate as for 2025-26 under the five year financial plan.

The provision has been calculated based upon the adoption of a deficit recovery plan based on the 2018 actuarial valuation (the only agreed valuation and deficit recovery plan as at the balance sheet date), this gave rise to a significant decrease in the deficit provision in 2019-20. In March 2020 a new valuation was commenced by USS which is expected to significantly increase the technical deficit on the scheme however this valuation has not been completed at the date of these financial statements.

23. Pension provisions (continued)

The deficit recovery plan requires employer contributions of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028.

As at the balance sheet date and the date of approval of these financial statements no updated funding plan has been agreed so no adjustment has been made to the provision to reflect the expected greater technical deficit. It is to be expected that the provision will increase significantly in future years once a new deficit funding plan is agreed.

Sensitivity analysis

Change in assumptions at 31 July 2021

	Approximate increase/ (decrease) in provision £m	
	+0.5%	-0.5%
Discount rate	(2.4)	2.5
Long-term salary inflation	2.4	(2.3)
Long-term head count increase	2.5	(2.4)

24. Other provisions

	Consolidated and university Leasehold dilapidations	
	£000	
At 1 August 2020	4,653	
Utilised in year	–	
Transferred from Income and Expenditure Account during the year	–	
At 31 July 2021	4,653	

As explained in the Statement of Principal Accounting Policies, note 17, no provision has been made for the deferred tax on the grounds that the subsidiary companies transfer their taxable profits by gift aid to the university and therefore no deferred tax assets or liability will be realised.

25. Restricted reserves

	Consolidated and university	
	2021 Total £000	2020 Total £000
At 1 August	3,756	4,214
Income	15,817	12,774
Expenditure	(14,132)	(11,827)
Net restricted income for the year	1,685	947
Transfer to unrestricted reserves	(700)	(1,405)
At 31 July	4,741	3,756

26. Endowment reserves

	Consolidated and university					
	Restricted permanent			Restricted expendible Total £000	2020-21 Total £000	2019-20 Total £000
	Original gift £000	Unapplied total return £000	Total £000			
Capital at 1 August	78,263	140,864	219,127	33,137	252,264	258,074
New donations and endowments	6,777	–	6,777	23	6,800	826
Change in market value of endowment investments	–	40,455	40,455	5,694	46,149	(1,426)
Investment income	–	1,669	1,669	575	2,244	2,054
Expenditure	–	(4,643)	(4,643)	(2,214)	(6,857)	(7,264)
At 31 July	85,040	178,345	263,385	37,215	300,600	252,264
Represented by:						
Capital	85,040	165,220	250,260	34,909	285,169	237,789
Accumulated income	–	13,125	13,125	2,306	15,431	14,475
	85,040	178,345	263,385	37,215	300,600	252,264

The university has adopted a total return endowment investment management policy for permanent endowments following receipt of an order from the Charity Commission under Section 105 of the Charities Act 2011.

Following advice from its investment consultants, Cambridge Associates, the university's Investment subcommittee has adopted a total return spending rate of 4% using the trailing market value rule applied to the average ending portfolio value over the previous 12 quarters. There is a proviso that this spending rate will be reviewed annually in the case of abnormal market conditions such as high levels of inflation or if there was a fundamental change to the portfolio composition.

	At 1 August 2020 £000	Additions and transfers £000	Change in market value £000	Total return income £000	Expenditure £000	At 31 July 2021 £000
Funds with income under £100,000						
Chairs and lectureships (169 funds)	81,460	2,751	12,189	3,140	(2,246)	97,294
Scholarships (162 funds)	31,589	34	4,880	1,083	(342)	37,244
Other funds (68 funds)	18,526	–	2,875	963	(173)	22,191
Prize funds (258 funds)	11,208	15	1,733	364	(24)	13,296
Funds with income over £100,000						
Newland-Pedley General Fund	20,750	–	3,213	673	(526)	24,110
Dimbleby Endowment Fund	10,580	–	1,661	348	(247)	12,342
Van Geest Foundation Fund	6,089	–	758	164	(1,159)	5,852
Lau China Institute Donation	7,920	4,000	1,821	368	(383)	13,726
Richard Dickinson USA Fund	6,780	–	1,052	220	(55)	7,997
Yeoh Tiong Lay Centre Donation	7,732	–	1,243	260	(260)	8,975
Sackler Chair Endowment Fund	5,039	–	731	153	(12)	5,911
Herbert Dunhill Chair of Rehabilitation	4,649	–	720	151	(116)	5,404
Avantha Chair	4,476	–	710	149	(71)	5,264
Paediatric Research Unit Lectureship Fund	4,414	–	710	149	(149)	5,124
Mary Dunhill Chair of Cutaneous Medicine	4,380	–	700	147	(173)	5,054
Sackler Foundation Endowment Fund	4,282	–	669	140	(158)	4,933
Lacey Travelling Bursaries	4,356	–	679	142	–	5,177
Richard Dickinson Trust General Fund	3,893	–	620	130	(51)	4,592
Arcadia Endowment	3,904	–	602	126	(161)	4,471
Chair of Rheumatology	3,063	–	492	103	(424)	3,234
Michael Brown Foundation	3,666	–	572	120	(30)	4,328
Tommy's Campaign Chair in Fetal Health	3,508	–	554	116	(97)	4,081
Total return from capital gains	–	–	6,965	(6,965)	–	–
	252,264	6,800	46,149	2,244	(6,857)	300,600

26. Endowment reserves (continued)

The Newland-Pedley Fund is used to support the Faculty of Dentistry, Oral & Craniofacial Sciences.

The Dimbleby Endowment Fund is used for cancer research.

The Lau China Institute Donation supports academic posts in the Lau China Institute.

The Yeoh Tiong Lay Centre donation supports academic posts in the Yeoh Tiong Lay Centre for Politics, Philosophy and Law.

The Richard Dickinson USA Fund is used for research and training fellowships in dentistry.

The van Geest Foundation fund is used to support Alzheimer's and dementia research.

The Sackler Chair supports a post in Translational Neurodevelopment.

The Herbert Dunhill Chair supports a post in rehabilitation.

The Avantha Chair supports a post within the India Institute.

The Paediatric Research Unit Lectureship Fund supports senior research posts in the Medical School.

The Mary Dunhill Chair of Cutaneous Medicine supports a post in Cutaneous Medicine.

The Lacey Travelling Bursaries supports students undertaking cultural and educational visits to France.

The Sackler Foundation donation supports posts in pharmaceutical sciences.

The Arcadia Endowment is used to support the Centre for the History of Science, Technology and Medicine.

The Richard Dickinson Trust General Fund is used to support the Faculty of Dentistry, Oral & Craniofacial Sciences.

The Michael Brown Foundation fund supports the law department.

The Tommy's Campaign fund supports a chair in fetal health.

The Chair of Rheumatology supports a post researching arthritis and rheumatism.

27. Unrestricted reserves

	Consolidated	University
	£000	£000
Balance at 1 August 2020	665,310	667,464
Surplus after depreciation of assets at cost and tax	31,479	31,418
Transfer from restricted reserves	700	700
Balance at 31 July 2021	<u>697,489</u>	<u>699,582</u>
The reserves are:		
Income and expenditure reserve, which is nominally allocated to:		
Capital reserve	593,500	595,450
Departmental reserves	69,523	69,523
Pension reserve	(121,527)	(121,527)
Revenue reserve	155,993	156,136
General reserves	<u>103,989</u>	<u>104,132</u>
Total income and expenditure reserve	<u>697,489</u>	<u>699,582</u>

The capital reserve is equivalent to the amount by which the value of tangible fixed assets in the Balance Sheet exceeds long-term creditors. The reserve is set aside to fund depreciation charges on assets that are not being funded by future cash flows.

28. Consolidated reconciliation of net debt

	2020–21 £000	
Net debt 1 August 2020	86,102	
Movement in cash and cash equivalents	(170,234)	
Movement on accrued interest	(4,196)	
New loans	105,000	
Other non-cash changes	117	
Net debt 31 July 2021	16,789	
Change in net debt	69,313	
Analysis of net debt	31 July 2021	31 July 2020
	£000	£000
Cash and cash equivalents	377,811	207,577
Borrowings: amounts falling due within one year		
Secured loans	3,329	3,210
Unsecured loans	2,182	2,016
Obligations under finance leases	14,086	1,642
Term deposit	(13,429)	–
	6,168	6,868
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	–	12,694
Secured loans	35,623	38,952
Unsecured loans	352,809	246,835
Term deposit	–	(11,670)
	388,432	286,811
Net debt	16,789	86,102

A debt repayment fund of £14m was set up in 2020–21. It has been opened in order to save funds for eventual debt repayments when these fall due from 2031.

As the fund is elective and not contractually required by the debt funders this is not disclosed separately.

29. Capital commitments

	Consolidated and university	
	2021 £000	2020 £000
Commitments contracted at 31 July	21,727	22,632
Commitments authorised but not contracted at 31 July	90,762	102,375
	112,489	125,007

30. Pensions

The three principal pension schemes in which the university participates are the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the National Health Service Pension Scheme (NHSPS).

Pensions costs for the university and its subsidiaries

	Consolidated		University	
	2020-21 £000	2020-20 £000	2020-21 £000	2020-20 £000
Contributions to USS	55,768	54,858	55,768	54,858
Contributions to SAUL	11,684	11,565	11,684	11,565
Contributions to NHSPS	4,439	4,341	4,439	4,341
Contributions to other pension schemes	177	267	(231)	(82)
	72,068	71,031	71,660	70,682
Contributions for funding of deficit relating to prior service	(5,287)	(4,406)	(5,287)	(4,406)
Pension contributions included within capital projects	(14)	(100)	(14)	(100)
Pension contributions included within staff costs	66,767	66,525	66,359	66,176
Movement on pension provision within staff costs	3,880	(116,035)	3,880	(116,035)
	70,647	(49,510)	70,239	(49,859)

Universities Superannuation Scheme (USS)

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

Deficit recovery contributions due within one year for the institution are £14,690k (2020: £5,445k).

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 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £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 Increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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:

Mortality base table (2018 valuation)

Pre-retirement	71% of AMCoo (duration 0) for males and 112% of AFCoo (duration 0) for females.
Post-retirement	97.6% of SAPS S1NMA 'light' for males and 102.7% of RFVoo 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.

30. Pensions (continued)

The current life expectations 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 further full valuation as at 31 March 2020 is currently underway. 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 has not met its statutory deadline of 30 June 2021. It is anticipated that there will be an increase in the deficit provision and impact on cashflow as a consequence of the new schedule of contributions.

Contribution rates for the Scheme are as follows:

	Members	Employers
1 April 2019 to 30 September 2019 (2017 scheme valuation)	8.8%	19.5%
1 October 2019 to 30 September 2021 (2018 scheme valuation)	9.6%	21.1%
From 1 October 2021 (2018 scheme valuation)	11.0%	23.7%

It is to be expected that these contribution rates will change with the agreement of a new deficit funding plan based upon the 31 March 2020 valuation.

The main members' benefits of the scheme as at the date of these financial statements are as follows (these benefits are expected to change upon finalisation of the March 2020 scheme valuation):

- Defined benefit accrual is on a career revalued benefits basis for all members, with a pension accrual of 1/75th and a cash lump sum of 3/75ths of salary for each year of service in respect of salary up to a salary threshold of £58,589 p.a. in 2019–20 and will be £59,586 in 2020–21.
- Above the salary threshold both member contributions and employer contributions not related to deficit funding are paid into a defined contribution scheme.
- Optional additional employee contributions are payable into the defined contribution section of the scheme.

Superannuation Arrangements of the University of London (SAUL)

The university participates in SAUL, which provides benefits for some non-academic employees. The scheme is a centralised defined benefit scheme and was contracted out of the Second State Pension until April 2016. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The university is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Thus, as required by Section 28 of FRS102, 'Employee benefits', it accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest available triennial actuarial valuation of the scheme was as at 31 March 2020; it was carried out by a professionally qualified and independent actuary using the projected unit method. Informal reviews of the scheme's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The 2020 valuation was the fifth valuation for SAUL 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 £3,612 million and the value of the scheme's technical provisions was £3,829 million, indicating a shortfall of £217 million. The assets were therefore sufficient to cover only 94% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The Trustee and the Employers have agreed that employer contributions will increase from 16% of CARE Salary to 19% of CARE Salary from 1 April 2022 and then to 21% of CARE Salary from 1 January 2023.

The members' benefits are as follows:

- All members accrue benefits on a Career Average Revalued Earnings (CARE) basis, at an accrual rate of 1/75th of CARE salary.
- For pensions accrued after 1 April 2016, increases in payment will be in line with CPI, capped at 2.5% p.a.

30. Pensions (continued)

National Health Service Pension Scheme (NHSPS)

The university also operates the NHSPS, which is available to staff who were members of that scheme immediately prior to appointment at the university. This is a statutory, unfunded, multi-employer, defined benefit scheme in which the university is unable to identify its share of the underlying liabilities and assets, and it is therefore accounted for on a contribution basis.

From April 2019 university contributions to the scheme were 20.68% of salary, but of these 3.8% are covered by the Department of Health and Social Care and are not a cost to the university.

31. Related party transactions

The university maintains a register of the interests of the members of Council and of its standing committees, which is published on its website: kcl.ac.uk/aboutkings/governance/council/registerofinterests

Due to the nature of the university's operations and the composition of its Council and committees, it is possible that there will be transactions from time to time between the university and organisations with which members of Council and its committees have relationships. If such transactions do occur, they are conducted on an arm's-length basis and in compliance with the university's Financial Regulations and procurement policies.

These financial statements reflect the following transactions with related parties which were undertaken on an arms length basis and under normal commercial terms;

Name	Nature of interest	Consolidated and university 2020-21		Consolidated and university 2019-20	
		Income/ (Expenses) £000	Amount due from/(to) £000	Income/ (Expenses) £000	Amount due from/(to) £000
Association of Commonwealth Universities	A Senior Officer of the university and Member of the Council was Chairman	2.2 (6.7)	–	(6.6)	–
Bank of England	Member of the Council was an employee and Member of various committees	1.0	–	(5.5)	–
Guy's and St Thomas' Charity	Member of the Council was a Trustee	4,952.6 / (1,326.3)	422.8	9,351.8 / (150.0)	954.7
HCA Health Care	A Senior Officer of the university and Member of the Council was a Member of the Advisory Board	–	–	(3.6)	–
King's Maths School	A Senior Officer of the university and Member of Council was a Trustee	228.8 / (85)	2.1	268.5	5.9
MedCity Ltd	A Senior Officer of the university and Member of Council was a Director	(120.0)	–	(286.5)	–
Russell Group	A Senior Officer of the university and Member of the Council and was a Board Member	(80.2)	–	(80.2)	–
Science Gallery International	A Senior Officer of the university was a Board Member	(67.6)	–	(70.9)	–
Somerset House Trust	Member of the Council was a Trustee	5.3 / (1,707.2)	–	9.9 / (672.7)	–
TEDI London	A Senior Officer of the university and Member of the Council was a Trustee. TEDI London is Joint Venture investment of the university	(2,899.0)	–	–	(938.4)
The Council for the Advancement & Support of Education Europe (CASE Europe)	A Senior Officer of the university and Member of Council was a Trustee	(12.0)	–	(22.5)	–
UK Biobank Ltd	A Senior Officer of the university and Member of Council was a Director	(14.7)	–	–	–

31. Related party transactions (continued)

Name	Nature of interest	Consolidated and university 2020-21		Consolidated and university 2019-20	
		Income/ (Expenses) £000	Amount due from/(to) £000	Income/ (Expenses) £000	Amount due from/(to) £000
University of London	A Senior Officer of the university and Member of the Council was a Trustee	466.2/ (941.9)	–	415.0 / (724.1)	41.2 / (14.5)
The Superannuation Arrangements of the University of London (SAUL)*	A Senior Officer of the university and Member of Council was a Director				
King's College London Students' Union (KCLSU)**	Member of the Council was President of the Union				

* Refer to note 30 for details of annual contributions to the Superannuation Arrangements of the University of London (SAUL).

** King's College London Students' Union (Union) is an independent charity registered with the Charity Commission, of which the President is also a member of Council. In 2020-21 the university made an annual block grant payment of £4,250k to the Union (2019-20 £3,826k). The university also provides the union with building space with a notional rental income value of £3,637k for which no cash is exchanged and the university recognises as both rental income and notional grant expenditure (2019-20 £3,317k).

The university enjoys a close working relationship with Guy's & St Thomas', King's College Hospital and South London & Maudsley NHS Foundation Trusts under the name of King's Health Partners – a collaboration that aims to combine the best of basic and translational research, clinical excellence and world-class teaching to deliver ground-breaking advances in physical and mental healthcare – which is accredited as an Academic Health Science Centre. The nature of the relationship with these NHS Trusts makes it difficult to quantify the value shown in the accounts each year. Senior staff of the university and members of Council may also hold senior positions in these organisations.

In addition the university has a close working relationship with both the King's Maths School and The Francis Crick Institute. King's was a founding member and shareholder in the Crick which is dedicated to understanding the fundamental biology underlying health and disease.

As a consequence there are recharges between these institutions, as disclosed in these accounts, and senior staff of the university may also hold senior positions in these organisations.

The university has paid Francis Crick Institute £805.2k during the year as agreed contributions to overheads, studentships and reimbursement of other costs (£2,820k), and received £433.5k for seconded staff (2019-20 £599k). The university recognises an investment balance related to its initial £40m investment in the Institute.

The university has taken advantage of the exemptions under section 33 of FRS 102 for "100%" or "wholly" owned subsidiaries not to disclose intra-group transactions.

32. Training salaries

	Consolidated and university	
	2020-21 £000	2019-20 £000
Balance underspent at 1 August	83	252
Funding Council and Department for Education grants Disbursed to students	4,533 (4,645)	3,615 (3,784)
Balance underspent at 31 July	(29)	83

Funding Council and Department for Education grants are available solely for students. The university acts only as paying agent. The grants and related disbursements are therefore excluded from the Consolidated and university Statement of Comprehensive Income and Expenditure Account.

33. Financial instruments

	Consolidated		University	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Financial assets				
<i>Financial assets at fair value through Statement of Comprehensive Income</i>				
Listed investments	277,923	230,008	277,923	230,008
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
Other investments	1,481	1,457	1,481	1,457
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash and cash equivalents (including term deposits and cash held within endowment assets)	413,917	241,503	398,842	226,407
Other debtors	155,896	147,391	155,920	149,193
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Loans	393,943	291,013	393,943	291,013
Finance leases	14,086	14,336	14,086	14,336
Trade creditors	3,201	5,372	3,178	5,149
Other creditors	394,292	343,759	392,550	342,159

34. Lease obligations

Total rentals payable under operating leases:

	Consolidated and university			
	Land and buildings £000	Other leases £000	2021 Total £000	2020 Total £000
Payable during the year ended 31 July	64,231	20	64,251	68,562
Future minimum lease payments due:				
Not later than one year	60,215	22	60,237	62,204
Later than one year and not later than five years	220,350	88	220,438	216,828
Later than five years	424,813	97	424,910	466,036
Total lease payments due	705,378	207	705,585	745,068

35. US Department of Education required disclosure

The following table is provided solely in satisfaction of the university's obligations to facilitate access to US federal financial aid as required by the US Department of Education, and has been prepared and presented in-line with their specific requirements. All figures presented are based upon FRS 102 recognition and measurement principles, in line with the statement of accounting policies, and are presented in GBP. It is not advised that it be used for any other purpose and all values within it can be found elsewhere within these financial statements.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary Reserve Ratio

	Consolidated		Consolidated	
	£000	2020-21 £000	£000	2019-20 £000
	Expendable Net Assets		Expendable Net Assets	
Net Assets without Donor Restrictions				
Balance Sheet – Income and expenditure reserve – unrestricted	697,489		665,310	
Balance Sheet – Revaluation reserve	484,321		484,321	
		1,181,810		1,149,631
Net assets with donor restrictions				
Balance Sheet – Income and expenditure reserve – endowment reserve	300,600		252,264	
Balance Sheet – Income and expenditure reserve – restricted reserve	4,741		3,756	
		305,341		256,020
Secured and unsecured related party receivable				
Note 31 related party transactions				
Unsecured	425		1,002	
		425		1,002
Property plant and equipment net (includes Construction in progress)				
Minus lease right of use asset	(657)		(2,666)	
Balance Sheet – Tangible Assets	1,484,076		1,487,873	
	1,483,419		1,485,207	
Property, plant and equipment – pre-implementation		1,390,068		1,388,251
Property, plant and equipment – post implementation with outstanding debt for original purchase		–		–
Property, plant and equipment – post implementation without outstanding debt for original purchase		–		–
Construction in progress – Note 15 Assets in the course of construction		93,351		96,956
Lease right of use asset				
Asset equal in value to lease right of use liability	657		2,666	
Lease right of use asset pre-implementation		657		2,666
Lease right of use asset post-implementation		–		–
Intangible assets				
Balance sheet – Intangible assets		39,783		32,245
Post-employment and pension liabilities				
Balance sheet – Pension Provision		121,527		122,032

35. US Department of Education required disclosure (continued)**Primary Reserve Ratio (continued)**

	Consolidated		Consolidated	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
	Expendable Net Assets		Expendable Net Assets	
Long-term debt for long term purposes				
Note 21 Creditors: Amounts falling due after more than one year – Loans	388,432		285,787	
Note 20 Creditors: Amounts Falling due within one year – Current element of long-term liabilities	5,511		5,226	
	<u>393,943</u>		<u>291,013</u>	
Long-term debt for long term purposes – pre-implementation		393,943		291,013
Long-term debt for long term purposes – post-implementation		–		–
Line of credit for Construction in process		–		–
Lease right-of-use asset liability				
Note 21 Creditors: Amounts falling due after more than one year – Obligations under finance leases less term deposits for repayment less term deposits for repayment	–		1,024	
Note 20 Creditors: Amounts falling due within one year – Obligations under finance leases minus term deposit	657		1,642	
	<u>657</u>		<u>2,666</u>	
Pre-implementation right of use leases		657		2,666
Post-implementation right of use leases		–		–
Annuities with donor restrictions		–		–
Term endowments with donor restrictions				
Note 26 Endowment Reserves – Restricted Expendable		37,215		33,137
Life income funds with donor restrictions				
Balance Sheet – Income and expenditure reserve – restricted reserve		4,741		3,756
Net assets with donor restrictions: restricted in perpetuity				
Note 26 Endowment Reserves – Restricted Permanent		263,385		219,127

35. US Department of Education required disclosure (continued)

Primary Reserve Ratio (continued)

	Consolidated		Consolidated	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
	Total Expenses and Losses		Total Expenses and Losses	
Total expenses without donor restrictions				
Education and research expenses;				
• I&E – Staff costs (minus residences, catering and conferencing staff costs as per note 12)	548,945		554,005	
• I&E – Other operating expenditure	330,046		342,352	
• Minus residences, catering and conferencing operating costs – note 12	(40,472)		(44,247)	
• Minus endowment spend – Note 26 Endowment reserves – Expenditure	(6,857)		(7,264)	
• Minus restricted spend – Note 25 Restricted reserves – Expenditure	(14,132)		(11,827)	
Depreciation and amortization – I&E Depciation	58,339		59,615	
Interest expense – I&E Interest and other finance costs	16,376		19,403	
Auxiliary enterprises;				
I&E – Taxation	1		7	
Note 12 – Residences catering and conference Staff and operating costs	47,008		52,986	
		939,254		965,030
Non-Operating and Net Investment (loss)				
Investment return appropriated for spending	–		–	
Investments, net of annual spending, gain(loss) – I&E Gain/(loss) on property investment	(1,063)		(730)	
Other components of net periodic pension costs	–		–	
Pension-related changes other than net periodic pension costs – I&E Staff costs – movement on USS pension provision	(3,880)		116,035	
Change in value of split-interest agreements	–		–	
Other gains (losses) – I&E – Unrealised surplus on revaluation of tangible assets	–		484,321	
Sales of fixed assets, gains (losses) – I&E – Gain on disposal of fixed assets	–		35,817	
		(4,943)		635,443
Net investment losses				
Investment return appropriated for spending	–		–	
Investments, net of annual spending, gain(loss) – I&E Gain/ (loss) on property investment	(1,063)		(730)	
		(1,063)		(730)
Pension-related changes other than net periodic costs				
I&E Staff costs – movement on USS pension provision		(3,880)		116,035

35. US Department of Education required disclosure (continued)

Equity Ratio

	Consolidated		Consolidated	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
	Modified Net Assets		Modified Net Assets	
Net Assets without Donor Restrictions				
Balance Sheet – Income and expenditure reserve – unrestricted	697,489		665,310	
Balance Sheet – Revaluation reserve	484,321		484,321	
		1,181,810		1,149,631
Net assets with donor restrictions				
Balance Sheet – Income and expenditure reserve – endowment reserve	300,600		252,264	
Balance Sheet – Income and expenditure reserve – restricted reserve	4,741		3,756	
		305,341		256,020
Intangible assets				
Balance sheet – Intangible assets		39,783		32,245
Secured and unsecured related party receivable				
<i>Note 31 related party transactions</i>				
Unsecured	425		1,002	
Unsecured related party receivable		425		1,002
	Modified Assets		Modified Assets	
Total assets				
Balance sheet – Non-current assets	1,889,540		1,838,870	
Balance sheet – Current Assets	533,707		354,968	
		2,423,247		2,193,838
Lease right-of-use asset				
Note 21 Creditors: Amounts falling due after more than one year – Obligations under finance leases less term deposits for repayment less term deposits for repayment	–		1,024	
Note 20 Creditors: Amounts falling due within one year – Obligations under finance leases minus term deposit	657		1,642	
Pre-implementation right of use leases		657		2,666
Post-implementation right of use leases		–		–
Intangible assets				
Balance sheet – Intangible assets		39,783		32,245
Secured and unsecured related party receivable				
<i>Note 31 related party transactions</i>				
Unsecured	425		1,002	
Unsecured related party receivable		425		1,002

35. US Department of Education required disclosure (continued)**Net Income Ratio**

	Consolidated		Consolidated	
	£000	2020-21 £000	£000	2019-20 £000
Changes in Net Assets Without Donor Restrictions				
I&E – Unrestricted comprehensive income for the year	31,479		134,613	
I&E – Revaluation reserve comprehensive income for the year	–		484,321	
		31,479		618,934
Total Revenue and Gains				
Tuition and fees, net – I&E Tuition Fee and education contracts Contributions;	505,453		428,828	
Grants and contracts – including research;				
• I&E – Funding Body Grants	145,523		148,309	
• I&E – Research grants and contracts	187,893		200,544	
Private gifts and grants;				
• I&E – Donations and Endowments	16,591		16,835	
• Minus new endowments (Note 7)	(6,800)		(826)	
• Minus restricted income (Note 25)	(15,817)		(12,774)	
Other revenues – I&E Other Income (minus auxiliary enterprises income)	119,775		117,746	
Investment income – Note 6 Investment Income – Other interest receivable and other investment income	1,509		2,132	
Investment return appropriated for spending	–		–	
Auxiliary enterprises – Note 4 Other Income – Residences, catering and conferencing	21,549		47,727	
Net assets released from restrictions	–		–	
		975,676		948,521
Investment return appropriated for spending	–		–	
Sales of fixed assets	–		35,817	
		–		35,817

