

# Financial Statements

For the year to 31 July 2022

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## Chair's foreword

I am pleased to present our annual Report and Accounts, which show robust financial performance for King's College London as we return fully to our campus operations following the pandemic. I am proud of King's over the last year and am confident that the university has developed the necessary resilience to respond effectively to whatever challenges lie ahead.

The past two years have been exceptional, as the world adapted and changed at an unprecedented pace. In this context, the financial results for 2021–22 demonstrate strong financial management underpinned by the exceptional efforts of King's staff who demonstrated such dedication to our students during the COVID-19 pandemic.

Prudent financial management prior to and during the pandemic has ensured that we had the flexibility to respond to the challenges of COVID-19 and support our community. Longer term, these same attributes of sound financial management will facilitate the future viability of King's through investment in the university's development and future success.

Through this period King's has continued to focus on outcomes and impact, developing its global profile, its education programmes, its reach and its research. At the same time, we have taken enormous pleasure in welcoming students and their families back to our campuses in the heart of London for our summer of graduations. After the recent privations, these ceremonies have provided important moments to reflect on our students' tremendous achievements and the work of our faculties and colleagues who support them.

Under the leadership of King's new President & Principal, Professor Shitij Kapur, a refreshed and targeted strategy has been developed, giving clarity and direction to our efforts between now and 2026. Reflecting the changing context in which King's operates, our priorities are centred on further enhancing the experience and success of our students, embedding sustainability into our activities, growing our academic offerings in natural sciences and engineering, in particular, and creating new opportunities for students and staff to carve out their future within and beyond King's.

Fundamental to our success is the excellence of our world-renowned research, which continues to advance our international reputation, underlined by our impressive results in the Research Excellence Framework (REF 2021).

Alongside this we have further consolidated the place of entrepreneurship, developing innovation pathways for students and staff while increasing interest and support for enterprise from industry partners and venture capitalists.

In support of these ambitions, I am very pleased that we will open the Pears Maudsley Centre for Children and Young People at Denmark Hill next year. That will be followed by the launch of the new London Institute for Healthcare Engineering early in 2024, in partnership with Guy's and St Thomas' NHS Foundation Trust. We continue to advance our capital programme and have completed and progressed some of our deferred major capital works this year. These include the Quad Engineering redevelopment and campus refurbishment which opened to students and staff in September 2022.

Our Strand Campus offers a unique learning environment in the heart of London. I am therefore delighted that we have been able to expand our presence at this site by acquiring the freehold of the South West Wing of Bush House. The development of this building – combined with our investment in the broader Bush House complex, the Quad and the Macadam Building – and Westminster Council's pedestrianisation of the land between the Strand Building and Bush House, means we are creating a truly exceptional academic site for our current and future students. Further ahead, like many in our sector and beyond, we are increasingly driven by considerations of sustainability in our physical and digital estates as we create the best possible facilities for our community.

Our students and staff are the heartbeat of King's. Their voice remains vital in designing the support and facilities they need to work and study effectively. To them, as to the entire university, matters of wellbeing, mental health support, pay and pensions are all key areas of concern. Indeed, these are all core priorities within Strategy 2026, in support of which Council has introduced a dedicated Staff and Culture Strategy Committee, while a new executive role of Vice President (People & Talent) has been created.

*The financial results for 2021–22 demonstrate strong financial management underpinned by the exceptional efforts of King's staff who demonstrated such dedication to our students during the COVID-19 pandemic.*

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Initial work in shaping this was led by Professor Evelyn Welch, as Senior Vice President (Service, People & Planning), prior to her assuming appointment as Vice-Chancellor and President of the University of Bristol. Evelyn was an outstanding and much-loved colleague of ours at King's whom we wish every success in her new role.

Looking to the future, and by drawing on King's collective expertise, we plan to consolidate areas of existing strength to respond to pressing global challenges. Already, as recognition of our sector leadership in responding to the war in Ukraine, King's received a £3m donation from XTX Markets' Academic Sanctuaries Fund to support students and academics affected by the conflict through the launch of a new Sanctuary Hub. This ambitious project builds on the longstanding work of King's Sanctuary Programme and aims to create opportunities for forcibly displaced people. In this vein, King's became the UK's first university to act as a Community Sponsor for a refugee family displaced by the Syrian war.

That we can bring our academic expertise to bear through such practical and targeted responses to contemporary crises is deeply inspiring. I wish to record my deepest thanks to all involved in this effort and also to the dedicated network of staff right across King's who, in supporting a myriad of initiatives, are working diligently in pursuit of building a better world for us all.

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

# President & Principal's Report

As I reflect on my first 18 months as President & Principal of King's, I do so with sincere thanks and gratitude to our staff who have worked incredibly hard to support our students, advance our academic mission and accelerate our research, innovation and impact. I am confident that through careful foresight and prudent planning, we have the strong financial base we need to deliver the ambitions set out in our new Strategy 2026, as we chart our path to our 200th anniversary in 2029.

I'm deeply proud of our global community of students, staff and alumni who collectively enable King's to make a meaningful contribution to the world around us. It is their commitment to using knowledge with purpose to serve society through academic insight and demonstrable action that drew me back to King's.

Rooted in our founding principles, this commitment to knowledge with purpose has defined our past and shapes our future. We see it made a reality through the extraordinary work of King's Legal Clinic's student volunteers who contributed to a re-statement of the principles of international law on evidence obtained through torture; through the cutting-edge work of our scientists who are pioneering new ways to scan the hearts of babies, convert light-driven energy into power and protect Europe's biodiversity; and through the individual actions of colleagues like Rosanna McCurrie, a School Education Manager, who uses her Service Time to support potential victims of modern slavery.

In summarising the past 12 months, I particularly want to highlight our outstanding Research Excellence Framework (REF 2021) results which saw King's ranked sixth in the UK for research power and third among UK multidisciplinary institutions for impact. We should be rightly proud to have sustained our position among the world's best universities for research, reflective of the depth of quality and impact of our research.

I'm also delighted that over the past year we saw a successful return to campus life, enriched by an extraordinary summer of graduation ceremonies. Through the incredible efforts of our staff, more than 16,500 students graduated at 51 ceremonies, supported by 178 Professional Services volunteers and hundreds of colleagues who joined our academic processions.

When we consider our students and their future success, our aim is for a King's education to be carefully curated, personalised, bespoke and flexible. This year we developed the King's Student app to streamline our students' journeys alongside our King's First Year pilot to equip students with valuable skills to enrich their university experience.

King's Volunteering, a new platform for students and staff, also launched offering a single portal to discover opportunities with organisations that are driving positive change.

Our financial results report a significant deficit, owing to the 2020 USS Pension Valuation which concluded in 2022 increasing our deficit provision by £283.8m. Adjusting for this, our underlying financial performance was an operating surplus of £42.2m consistent with the previous year. Our finances also reflect increasing domestic student numbers from the COVID-impacted recruitment rounds of 2020 and 2021 with consequent impact on our staff which we know is not a sustainable basis on which to operate.

In response, our approach to student recruitment in 2022–23 was cautious, ensuring that our student intake more closely matched our projections. Recruiting the staff needed to teach and support our students has been an ongoing challenge. However, it has improved as the year progressed as we grow our staff base to better match our student numbers.

King's prides itself on being a diverse community of students and staff. Critical to this is a cross-university commitment to inclusion, equality and belonging, supported by our passionate staff networks. We should be rightly proud of the progress we have made:

- King's has the highest proportion of senior female academic staff within the Russell Group according to the latest Higher Education Statistics Agency data, with the number of senior female academic staff increasing to 40.4 per cent in 2021–22.
- We have seen a two per cent uplift in Black, Asian and Minority Ethnic academic staff in the past year.
- We were named a gold employer in the Stonewall Workplace Equality Index, ranking second within the Higher Education sector.
- We have introduced the Report and Support tool to provide a universal way to report and respond to bullying, harassment and unacceptable behaviour.

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*Our approach to student recruitment in 2022–23 was cautious, ensuring that our student intake more closely matched our projections.*

*King's has the highest proportion of senior female academic staff within the Russell Group according to the latest Higher Education Statistics Agency data, with the number of senior female academic staff increasing to 40.4 per cent in 2021–22.*

- Disability Support & Inclusion created 368 King's Inclusion Plans and had 36,821 interactions with students during the 2021-22 academic year .

There is still much to do and maintaining momentum and ongoing attention to equality, diversity and inclusion is critical to King's continued and future success. It is a core priority in our new Strategy 2026

The development of Strategy 2026 was informed by an early piece of listening and reflecting that I undertook with staff and students in the first months of my appointment, as well as our learnings from the pandemic. Strategy 2026 builds on our strengths, recognising shifts in the contexts in which we work, teach and learn, and a financial environment that is ever tightening. Thank you to all those staff who shaped its development, and our Academic Board, University Executive and College Council for steering its development. I am pleased that we have a clear framework of priorities that puts Student Success and a Thriving Staff Community at the heart of our future ambitions for education, research and service to society.

Looking to the immediate future, we are acutely aware that cost challenges continue beyond the pandemic, with ongoing financial instability coupled with heightened borrowing costs, rising inflation and the increasing cost of utilities. These challenges are not expected to ease in the short-term and are pressuring King's budgets as well as the finances of our students and staff. Recognising this, we continue to develop measures to support our community.

In this context, I am pleased that King's is in a stable financial position and we will remain measured in our approach as we deliver the aspirations of Strategy 2026 to achieve the transformational change needed to meet the ambitions of Vision 2029.

I would like to end by recognising the contributions of the University Executive who offer their steadfast leadership and energy to drive change. I want to particularly thank Professor Evelyn Welch who moved from her role as Senior Vice President (Service, People & Planning) to lead the University of Bristol and extend a warm welcome to Professor Rachel Mills who joins us as Senior Vice President (Academic).

**Above all, I want to thank our dedicated staff, our inspirational students and our global family of alumni for your contributions and ongoing support during another remarkable year.**

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

# Key facts

2021-22  
**(£244.8m)**

Total comprehensive income for the year

2020-21  
**£81.5m**

2021-22  
**£42.2m**

Operating surplus excluding movement on the pension provision

2020-21  
**£40.3m**

2021-22  
**£118.7m**

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

2020-21  
**£115.0m**

2021-22  
**(£247.4m)**

Surplus/(deficit) for the year before revaluation gains

2020-21  
**£81.5m**

2021-22  
**£1,149.2m**

Total income

2020-21  
**£1,000.5m**

2021-22  
**81.7%**

Unrestricted reserves as a % of total income

2020-21  
**118.1%**

2021-22  
**£135.8m**

Net cash inflow from operating activities

2020-21  
**£120.9m**

2021-22  
**11.8%**

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

2020-21  
**12.1%**

2021-22  
**35.8%**

External borrowings as a % of total income

2020-21  
**39.4%**

2021-22  
**134 days**

Net liquidity days (before movement in USS pension provision)

2020-21  
**152 days**

2021-22  
**8,464**

Staff numbers, full-time equivalent

2020-21  
**7,995**

2021-22  
**35,918**

Student numbers, full-time equivalent\*

2020-21  
**33,364**

2021-22  
**£292.0m**

Research: new and renewed awards (forward order book)

2020-21  
**£273.4m**

2021-22  
**£11.2m**

Donations and endowments

2020-21  
**£16.6m**

2021-22  
**35th**

Times Higher Education World University Rankings

2020-21  
**35th**

2021-22  
**5th**

Times Higher Education World Impact Rankings

2020-21  
**11th**

# Operating and financial review for the year ended 31 July 2022

## Financial Review

	2021–22	2020–21
Tuition fees and education contracts	610.5	505.5
Funding body grants	139.0	145.5
Research grants and contracts	221.2	187.9
Other income	162.8	141.3
Investment income	4.6	3.7
Donations and endowments	11.2	16.6
<b>Total income</b>	<b>1,149.3</b>	<b>1,000.5</b>
Staff costs	(624.4)	(555.5)
Other operating expenses	(406.2)	(330.0)
<b>Earnings before Interest, Tax, Depreciation, Amortisation &amp; Pension movement</b>	<b>118.7</b>	<b>115.0</b>
Interest and other finance costs	(17.3)	(16.4)
Staff costs – movement on USS pension provision	(289.6)	(3.9)
Depreciation	(59.2)	(58.3)
<b>Surplus/(deficit) before other gains/ losses</b>	<b>(247.4)</b>	<b>36.4</b>
Other gains and losses	2.6	45.1
<b>Surplus/(deficit) for the year</b>	<b>(244.8)</b>	<b>81.5</b>
Unrealised surplus on revaluation of tangible assets	–	–
<b>Total Comprehensive Income for the year</b>	<b>(244.8)</b>	<b>81.5</b>

## Financial performance

### King's invests to remain attractive, efficient and effective for our students and staff

2021–22 continued to be a year dominated by the impact of COVID-19 although the pandemic became more manageable as the year progressed. The university moved towards a return to in-person teaching and research, with higher student recruitment resulting from the pandemic leading to significant growth in income but also increased staff workloads which were operationally unsustainable. In response, and to alleviate the pressure on staff, our approach to student recruitment for 2022–23 has been cautious and carefully managed.

Alongside this, with inflation at a level not seen in recent decades, the associated cost of living challenges seen by our staff and students, and home undergraduate tuition fee levels frozen until 2025, means that we are entering a period where prudent financial management is as important as it has ever been.

As has frequently been the case over the last five years, the USS pension scheme has overshadowed the financial performance we are reporting. The finalisation of the March 2020 USS scheme valuation has given rise to a large charge against our surplus. Overall, the university is reporting a large deficit of (£244.8m) in the financial statements, but only after the (£283.8m) increase in the provision held against the university's commitment to fund the deficit on the USS pension scheme. This reported deficit is not representative of the university's underlying operational financial performance in the year.

We have seen a better-than-expected operational financial performance with a small year-on-year increase of £1.9m to £42.2m in our operating surplus excluding the movement on the pension scheme provision, and higher than had been generated in previous years. However much of this positive performance reflects the impact of COVID-19 on costs and income, rather than planned long-term growth or cost reduction, and is due in part to higher student numbers than targeted with a high short term staff vacancy rate as recruitment proved challenging through the pandemic.

Uncertainty around the USS pension scheme, its cost and recent deficits, continue to present a significant issue across the Higher Education sector. With completion of the March 2020 valuation this year, a significant change in scheme benefits has been enacted to ensure the scheme remains affordable to both members and employers. This has understandably proved unpopular and led to industrial action during the year. Recently more positive updates from the USS Trustee give hope that the scheme's deficit is reducing or possibly even moving back into surplus, offering a potential opportunity to improve benefits and cost as part of the March 2023 valuation. However economic and market volatility in the second half of 2022 means that a high degree of uncertainty remains around the next valuation.

King's is committed to having an excellent pension scheme for its staff. We remain concerned that the scheme, as currently established, is unattractive to some eligible members, in particular early career and lower earning members of our staff, who consider the current scheme too expensive or not suitable to their pension needs.



We also recognise the concerns of members as to the current governance of the scheme. With the King's College London branch of the University and College Union (UCU) we have agreed a joint statement: ([kcl.ac.uk/news/joint-statement-from-kings-college-london-and-the-kcl-ucu-branch](https://www.kcl.ac.uk/news/joint-statement-from-kings-college-london-and-the-kcl-ucu-branch)) and confirmed our shared belief that a contribution rate of 25-30 per cent of salary should be sufficient to secure a good pension for staff who are members of USS. As we head towards the next valuation, we continue to actively engage with the USS Trustee, both directly and through Universities UK (UUK) and UCU with the aim of achieving positive change to the scheme with more flexible options that reflect the diverse needs of our work force. We also support UUK and UCU in negotiations on governance reform which reflect the principles of joint management of the joint pension scheme.

With the March 2023 valuation unlikely to complete by the end of 2022-23 we would not expect to see any significant change in the USS pension provision in the coming year, but 2023-24 could again see a significant impact on the surplus we report as the valuation completes.

Tuition fee income, which continues to be at the core of the university's operations, has shown a 20.8 per cent year-on-year increase. International student numbers remained strong over the past two years in the face of the challenges presented to international travel by the pandemic. Home student numbers grew beyond our plans due to two years of recruitment uncertainty around the awarding of A-Level grades, resulting in total student numbers growing by 22 per cent compared to pre-pandemic levels. A difficult employment market meant that recruiting the staff required to teach and support these extra students was a challenge, particularly early in the year. Consequently, staff costs have only grown by 12.4 per cent compared to before the pandemic.

We recognise that our operating surplus has not been generated on a sustainable basis, and future financial plans reflect assumptions which, alongside financial prudence, place the wellbeing of our staff and student community at their heart. This includes setting a target recruitment in line with our resourcing, more modest initial surpluses with planned increases in line with our new Strategy 2026 and associated financial sustainability targets.

We are conscious this may prove challenging to deliver in the face of the highest rates of inflation in the last 40 years, with indications that this could continue. Both costs directly related to the drivers of current inflation, such as pay, fuel and power, and other costs for goods and services impacted by inflation in their supply chain are expected to increase. This combined with tuition fee income remaining relatively flat from 2021-22 to 2022-23 means that we expect to generate a significantly reduced operating surplus for 2022-23.

Other operating expenditure has grown £76.1m (23.1 per cent), partly as we have already seen the significant impact of United Kingdom inflation rates above 10 per cent, but also as expenditure deferred during the pandemic, such as building maintenance, was eventually incurred. As inflation remains high, upward pressure on costs into 2022-23 is to be expected.

We are suitably proud of the university's performance in REF 2021, and the strength of reputation as a research university is reflected in our research income growing by £33.3m (17.7 per cent). This brings with it a challenge as most research funding does not cover the full economic cost of its performance. We have improved productivity in research during 2021-22, increasing overheads recovered and their contribution to our infrastructure costs. Research, alongside teaching, is core to our purpose as a university, and we will continue to seek to grow our research activity alongside improved financial sustainability.

Our pipeline of research grant wins has continued to be strong in 2021-22. We expect this growth in our research wins in recent years to translate into increased research income in 2022-23 supported by an evolution in our funder mix to improve overhead recovery.

A challenging year on global equities markets has seen a loss of £8.6m on investment funds which support our endowment reserves, adding to the deficit reported. These investments are held with the aim of generating a return in the long-term to spend against our charitable endeavours, so these losses are mitigated to an extent by the large gains seen in 2020-21.

We made an £11.1m gain on disposal of shares from our commercial and innovation activities, through the sale of our share of GammaDelta Therapeutics Ltd, a company founded on research performed by Professor Adrian Hayday and Dr Oliver Nussbaumer at King's College London and the Francis Crick Institute.

Based upon a review performed at the balance sheet date we have not recorded any material gains or losses due to our policy of valuing freehold land at fair value, so this has not impacted our total comprehensive income for the year.

Our strong operating surplus and improved working capital position has translated into a similarly strong net cash flow from operating activities up £14.9m on 2020-21 at £135.8m. At 11.8 per cent of income, this is exceptional and unsustainable in the longer term and will naturally fall in the next few years as recruitment levels are rebalanced.

We came into the year holding healthy cash reserves from a debt issue and land sale, in anticipation of investment in our operations and capital plan. Whilst we have made progress on some of our strategic projects a combination of our better than planned operating performance and limited capacity within the construction sector to commence new projects has meant we end the year in a similarly healthy cash position of £379.3m. This is after the investment of £170m in the university’s campus and facilities. This included the purchase of the freehold of the South West Wing of Bush House on the Strand, a significant acquisition for the university which will allow us to continue the development and expansion of our Strand Campus and provide long-term cost savings as we exit properties currently occupied under lease.

We are reviewing our estate strategy post-covid and will commence the planning and development of Bush House South West Wing to bring this into use as part of our developing Strand Campus. IT infrastructure and systems are increasingly important as ways of teaching and working have changed as a result of the pandemic, and we look to ensure that our staff are focused on work which enables excellence in teaching and research rather than transactional activities. We will be investing strategically in this area in the coming years.

This will require significant cash investment over the next two years, which alongside spend on strategic investment will utilise cash from our recent debt raise and asset sales we have held for this purpose.

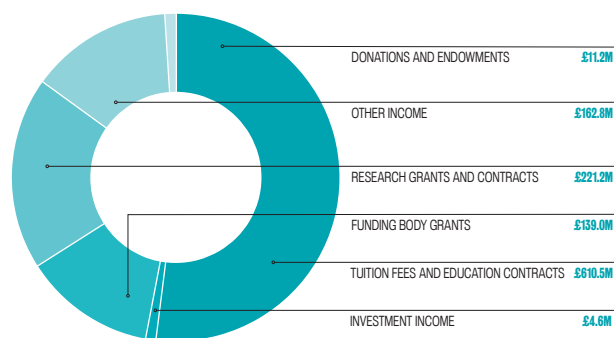
This is dependent upon us being able to generate sustainable surpluses over the medium term at a margin which provides both funds for reinvestment, and servicing of our debt. We are confident we can, and are planning to continue, to generate positive operational cash flows, which together with existing cash balances will fund future investment, without the need to subscribe for further debt in the next few years. With interest rates currently increasing after a period of sustained historic lows, the attractiveness of debt finance for investment is decreasing.

Even with 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.

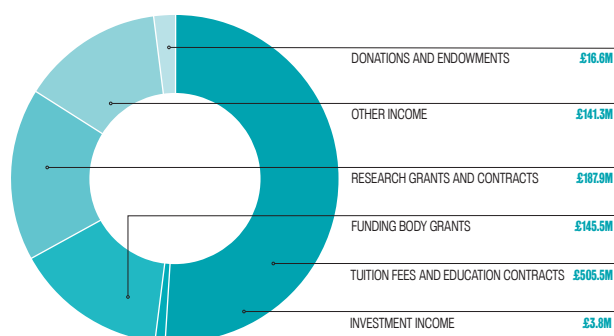
## Income

Our income has grown by £148.7m (14.9 per cent) year-on-year as we saw growth in three of our major income streams; tuition fees, research, and residences; with activity within the university picking up as COVID-19 became more manageable.

INCOME 2021-22 £M



INCOME 2020-21 £M



Tuition fee income continues to be the university’s largest source of income, growing to 53.1 per cent of total income in 2021–22. The impact of the pandemic, with travel restrictions and courses partially delivered online, could have been expected to cause downward pressure on international student numbers, however this has not proved to be the case. The key overseas markets of postgraduate taught and undergraduate continued their growth of recent years with student numbers increasing by 39 per cent and 21 per cent respectively. This increase is partly down to the 2021–22 cohort of EU based students being the first to be classified as overseas rather than home, and subject to overseas fee rates following BREXIT.

The pandemic has increased our awareness of the risks associated with reliance on international student income for financial sustainability. However as home undergraduate tuition fees will remain capped until at least 2024–25, the university remains reliant on international fee income in the short to medium term to operate on a financially sustainable basis. We will be looking to balance our risks associated with overseas tuition income by increasing the diversity of countries our students come from in future.

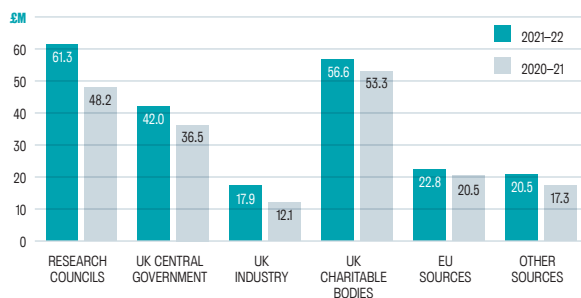
HESA POPULATION STUDENT FTE*	2021-22 session	%	2020-21 session
Undergraduate Home/EU	15,760	45	15,137
Undergraduate Overseas	6,349	16	5,257
Postgraduate taught Home/EU	5,080	17	5,634
Postgraduate taught Overseas	5,889	14	4,621
Postgraduate research Home/EU	1,862	5	1,857
Postgraduate research Overseas	968	3	858
<b>Total student fte</b>	<b>35,918</b>	<b>100</b>	<b>33,364</b>

2021-22 saw the impact of a second consecutive year of above planned home undergraduate recruitment due to the unusual pandemic-influenced recruitment cycles, with home undergraduate students up 7.8 per cent compared to the previous year. This has led to the university achieving student number growth ahead of target, and as a result we expect to see a period of consolidation at this level in the next few years as we rebalance our activities and plans.

After a reduction in research activity in the previous two years due to the impact of COVID-19, 2021-22 saw research income grow by £33.3m (17.7 per cent) as delayed projects were completed, and the university secured new grants. King’s grant success rate has improved in each of the last two years, and we expect 2022-23 to show a similarly positive performance.

Our overhead recovery has improved in recent years but remains a challenge across the sector, with many funders not covering the full economic cost of research activity, usually reflected in lower overheads than the true cost of operations, particularly high calibration science equipment.

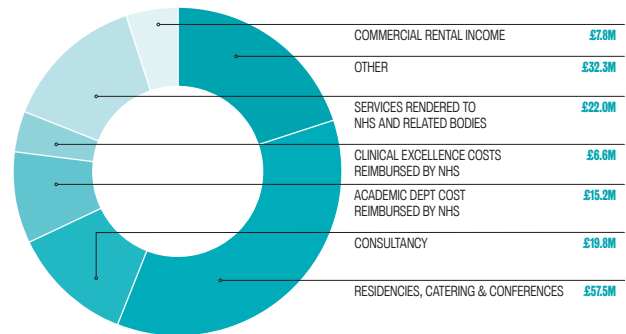
RESEARCH INCOME BY FUNDER TYPE £M



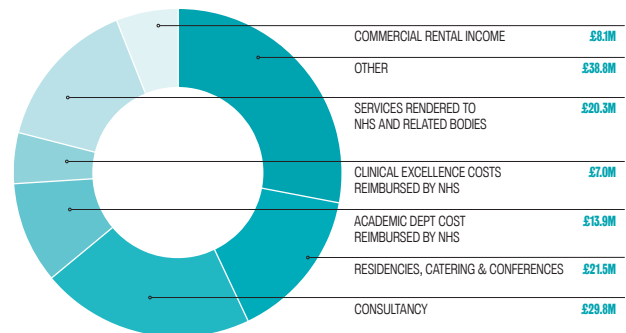
We started the year in a transition phase between remote and in-person teaching, but with students being allowed to return to campus, residential and catering income has returned to pre-pandemic levels. This has contributed to an overall growth of £21.5m (15.2 per cent) in other income streams.

We continue to benefit from the strong NHS Trust relationships which make up the King’s Health Partners network with many staff and much activity shared between us. These strong links enabled the university to play a significant part in the country’s response to the pandemic. Income associated with the reimbursement of costs incurred in this activity has remained steady year-on-year.

OTHER INCOME 2021-22 £M



OTHER INCOME 2020-21 £M

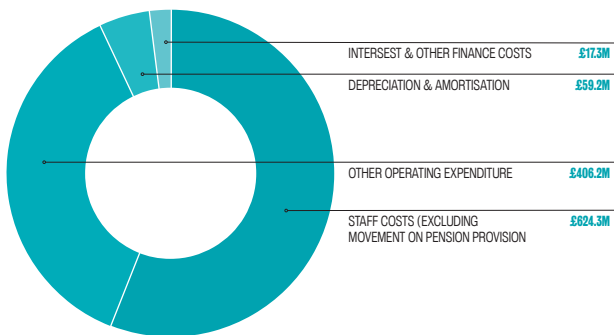


### Expenditure

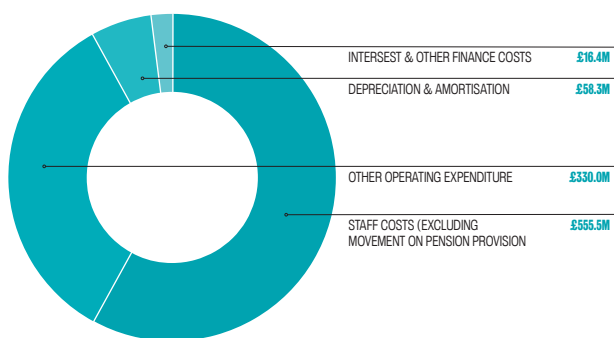
In a trend seen across the United Kingdom economy, recruitment of suitably qualified staff has been challenging. As a result, growth in staff costs is below the level of increase we would have wanted, given the growth in income, particularly in teaching and research. We know the consequent impact on our staff is not a sustainable basis on which to operate and our approach to planning for 2022-23 aims to alleviate this pressure on our staff.

However, with most activity returning to, or exceeding, pre-pandemic levels during the year, expenditure excluding the movement on the USS pension provision has increased by £146.8m (15.3 per cent) on the previous year.

2021-22 EXPENDITURE EXCLUDING MOVEMENT ON PENSION PROVISION £M

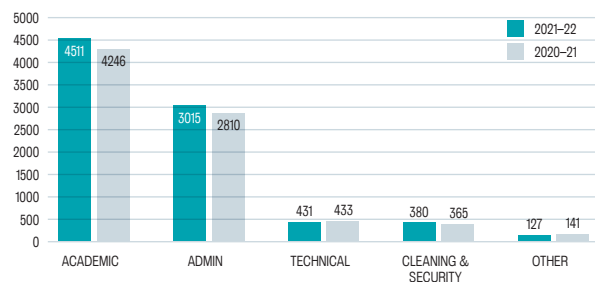


2020-21 EXPENDITURE EXCLUDING MOVEMENT ON PENSION PROVISION £M



King’s and other universities are people and knowledge-based institutions, and the recruitment of high calibre teaching, research and support staff is at the core of the successful running of the university. Staff costs are up £68.9m (12.4 per cent), as staff numbers have increased by 5.9 per cent, below the 9.9 per cent growth in student numbers, and the 18.0 per cent growth in research income and associated activity, with growth similar in both academic and support roles.

STAFF FTE BY CATEGORY

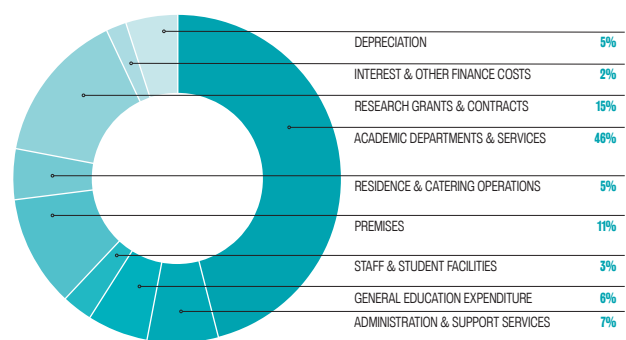


Other operating expenditure has increased in-line with the growth in teaching and research activity, but also includes a number of one-off costs in relation to the university’s international activities. Overall other operating expenditure was up £76.1m (23.1 per cent) compared to 2020–21, as cost controls put in place during the height of the pandemic have been relaxed, and overall activity within the university has increased. This has been particularly observed in international related activity, with increases in travel and conference attendance costs.

With inflation reaching 10 per cent across the year, our operating expenditure is also starting to feel its impact with upward pressure on costs across all activities, both capital and revenue. The increasing cost of fuel and power is of particular concern and this is only expected to worsen in 2022–23.

As would be expected, academic departments and services continue to make up the largest single area of spend for the university. Outside of this, spend has increased particularly on premises as maintenance work postponed during the pandemic has been progressed.

HOW KING’S INVESTED ITS MONEY £M



### Capital investment

The King’s estate is an important and valuable asset. It enables high-quality research and teaching to take place, and our central London location is a key part of our appeal to the best students across the world. Continued investment in the estate is necessary to maintain and improve educational and research infrastructure, ensuring the university has the built environment to enable all students and staff to flourish. King’s has also continued to invest in information technology infrastructure, which is equally important to support our academic mission. Our experience during the pandemic has shown the importance of quality and robust IT systems in adapting to new teaching approaches and methods of engagement with students.

Progression of building projects both during and after pandemic lockdowns has proved challenging. Demand within the construction sector has increased as projects which were deferred are being completed. This has meant that commencing new large scale building projects has proved difficult, but we have been able to progress our recent capital investment priorities, including;

- £21.4m Strand Quad Engineering project
- £8.5m London Institute for Healthcare Engineering
- £4.3m IT Projects

Overall expenditure on capital assets in the year was £169.8m, almost tripling our spend in 2020–21. Of this increase a large proportion is for the acquisition of the freehold of the South West Wing of the Bush House complex of buildings. As a central London university, the opportunity to purchase the freehold of a valuable property contiguous with our existing campus was seen as strong investment both operationally and financially. The purchase was funded through a combination of the proceeds of a land sale in 2020–21, and part of the June 2021 debt raise, and will allow the university to exit from existing lease arrangements as they expire, making the purchase financially beneficial over the life of the property.

Our forward capital plan identifies the academic investment needs of the coming 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.

With investment priorities reviewed over the year as part of the development of Strategy 2026, spend on capital projects is expected to increase significantly in the near term.

### Endowment asset investments

The value of the university’s endowment funds have decreased by £9.5m compared to the previous year, with £3.8m of new endowments offset by £7.1m of spend, and £8.6m of market value losses on our investment portfolio. With the war in Ukraine and increases in global energy prices, the first half of 2022 has seen losses on global equity markets, and this is reflected in the losses on our investments.

Our endowment investment strategy aims for a positive long-term return, maintaining the value of gifts in real terms, whilst also generating a four per cent annual ‘income’ to spend 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. Over the previous five years the university has on average exceeded this aim and 2021–22 performance by itself is not a large concern for the university. With the world and the United Kingdom continuing to experience a high degree of political and economic uncertainty, there is a high likelihood of 2022–23 also being a poor year for investment performance.

Performance measured by total return over the year was behind our composite benchmark.

Performance for the year to 31 July 2022	
Actual performance	(2.2%)
Policy benchmark	+2.0%
Value lost against benchmark	(4.2%)

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	5
Credit	5
Inflation-linked bonds	5
UK gilts and cash	5

### Treasury management

The university manages day-to-day cash flow in-line with our Treasury Management Policy. 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

In March 2022 we drew down the final £20m tranche of the June 2021 private placement raised to fund investment in our campuses over coming years. In September 2021 we completed repayment of the finance lease issued in 1995 to fund the purchase and conversion to student accommodation of our Stamford Street property, with the freehold of the property passing to the university.

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. With the last of our amortising debt to be paid off by the end of 2027. The university’s financial plans reflect the need to be in a position to settle the 2031 and subsequent bullet payments when they fall due.

External borrowings £m	Total	Related deposits	Less than 1 year	More than 1 year
Loans	411.4	–	4.4	407.0
Total borrowings (net) 31/07/2022	411.4	–	4.4	407.0
Total borrowings (net) 31/07/2021	408.0	(13.4)	6.2	388.4

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

External borrowings £m	31 July 22	31 July 21	Limit
External borrowings as a % of income	35.8%	39.4%	50%
External borrowings as a % of total reserves	33.1%	26.5%	100%

### Net Debt and cash position

Net Debt £m	31 July 22	31 July 21	Change
Cash and cash equivalents	379.3	377.8	1.5
External borrowings net of related deposits	(411.4)	(394.6)	(16.8)
(Net debt)	(32.1)	(16.8)	(15.3)

The flat year-on-year cash balance of £379.3m (£377.8m 2020–21) reflects the net impact of a high net operating cash from operations of £135.8m, £35.2m of other cash incomes and gains (including £11.1m of proceeds from the sale of shares in spinout company Gamma Delta Therapeutics Ltd), the drawdown of the final £20m of our June 2021 private debt placement, (£19.4m) of debt servicing payments, and investment of (£169.8m) in our campus and facilities.

The ratio of liquid assets to annual expenditure (excluding depreciation and before movements on USS pension provisions) decreased to 134 days (from 153 days in 2020–21) as total expenditure has increased but is still significantly above the level at which we would be concerned.

We keep our working capital needs under review but expect to maintain between £150–200m 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.

2020–21 year saw the establishment of a Debt Repayment Fund, and at the balance sheet date this makes up c.£17.7m of our total £379.3m cash balances. This reserve was created as a measure to save funds each year for eventual debt repayments when these fall due starting in 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 decreased from £697.5m to £455.0m, 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 most recently revalued at 31 March 2020, although the USS valuation only reached its culmination during 2021–22.

The USS pension scheme has been and continues to be one of the greatest financial and operational challenges faced by the university, both in absolute cost, but also the lack of long-term certainty. It has been the cause of significant disagreement between universities and their employees, and King's has been no exception to this. We are particularly concerned about the attractiveness and affordability of the scheme to those in the early years of their careers.

The completion of the March 2020 USS valuation has seen a small increase in both employer and employee contribution rates, but at the expense of changes to the benefits structure of the scheme with the accrual rate for the defined benefit component reducing to 1/85th of salary, the threshold below which defined benefit is accrued reduced to £40,000 and with indexation capped for new benefits accrued at 2.5 per cent after 1 April 2024. Acknowledging that changes in the scheme were necessary to maintain affordability whilst meeting the statutory requirements for completing the March 2020 valuation, we remain of the view that a combined contribution rate of 25–30 per cent of salary should be sufficient to secure a good pension for staff who are members of USS.

The finalisation of the March 2020 valuation has led to a large £283.8m increase in the provision we hold for our commitment to help fund the historic deficit on the scheme. The cost of the increase being split between staff costs £282.7m and finance costs related to the unwinding of discounting on the provision £1.1m. This continues a pattern over recent years of material movements, both positive and negative, in the pension provision. This obscures the underlying financial performance of the university in any given year and the longer term trends.

Recently more positive updates from the USS Trustee give hope that the scheme's deficit is reducing or possibly even moving back into surplus, offering the opportunity as part of the March 2023 valuation to potentially improve benefits and cost. However, with the world and United Kingdom economies remaining uncertain, it cannot be assumed that the current improved position will continue into 2023.

We will be actively supporting Universities UK in their governance review of USS and will seek to work with UCU and Unison both locally and nationally in achieving improvements to the scheme which will allow it to remain attractive and affordable. We are open to alternative approaches to the scheme which will give long-term stability and viability, including but not limited to options such as alternative scheme design and conditional indexation. It is a priority for the university that any such changes should address the low take up of membership amongst lower earning and early career employees.

The next valuations of both USS and SAUL will commence in March 2023, although are not expected to complete by July 2023 so should not impact on the university's finances in 2022–23. They can however be expected to lead to a repeat of the same issues which were at the heart of challenges in completing the March 2020 USS valuation.

## Education

*Our teaching enables students to become rounded critical thinkers, set up for success and with the character and wisdom to strive for social change.*

Education is at the heart of King's College London. Recent years have seen a period of significant growth in the number of students studying with us. The academic year 2021–22 saw more than 50,000 students return to a full on-campus learning thanks to the easing of restrictions in 2021 with students benefitting from both the rich physical and digital experience that King's provides.

Learning and teaching in person has evolved with technology and digital content enhancing in-person learning and teaching, informed by experiences from the pandemic. Most notably, the way in which students are assessed has greatly diversified with growing numbers engaging with summative assessment online as well as in person. This continues to be an area of innovation and testing with learning being rapidly embedded into curriculum design.

A full return to campus also provided the opportunity to host in-person graduations for our 2020 and 2021 cohorts as well as our 2022 graduates, whose ceremonies had been postponed due to the pandemic. An unprecedented 51 ceremonies took place over the summer of 2022 with more than 16,500 graduates crossing the stage, supported by just over 37,000 guests.

Student engagement with a growing suite of academic support remains strong. To enable effective transition into and through study, King's Academic Skills for Learning empowers undergraduate and taught postgraduate students to develop independent learning skills and academic literacies. There were 27,661 self-enrolled users on the Virtual Learning Environment (VLE) academic skills resources site, an increase of 8,540 users since 1 September 2021 and 4,642 attendees at live activities including 1,591 one-to-one academic skills appointments.

The Essential Digital Skills programme continues to be a valuable tool to prepare both undergraduate and postgraduate students for learning in a digital age with 4,104 students engaging with the programme in 2021–22.

To support effective transition into and through study, support for information skills has also expanded. King's Learning & Skills Service (KLaSS) now provides three new pathways, which introduce learners to the skills and tools needed to evaluate information for their studies and in their lives. This includes understanding and identifying 'fake news', misinformation and disinformation. Over 1,000 one-to-one appointments with a librarian were offered in 2021–22, and more than 230 workshops on information literacy skills development were delivered.

## Academic excellence

Academic excellence continues to be supported by a broad portfolio of professional development for educators. Students shared over 1,000 nominations for the King's Education Award which celebrates academics and support staff making a significant difference to the students' King's experience. Our vibrant network of Academic Education Pathway colleagues has grown to over 300 individuals and is highly valued for its expertise and innovation. In 2021–22, the College Teaching Fund saw 47 projects funded to support learning and innovation. Year-on-year, the number of staff applying for Higher Education Academy recognition increases, with an awarding rate exceeding that of the sector and Russell Group averages.

## Inclusive education

Inclusive Education is an area of learning and teaching where leaps forward were made during the pandemic and where the tools and approaches gained are being embedded into current practices. The Digital Education Accessibility Baseline has developed a set of standards and guidance to ensure equitable access to digital resources. Over 13,000 requests for human captions were fulfilled from a dedicated £1m fund and this has supported all students to access and engage with more accurate content than machine-generated captions.

Conversations About Race and Inclusive Education Student Partners have become well established tools for listening to students from minority backgrounds and supporting staff and students to co-create a more inclusive environment for all learners, with a particular focus on race equity. The Race Equity & Inclusive Education Fund has for the third year awarded grants to activity addressing racial inequalities and embedding inclusive education. In 2020–21, the attainment gap at King's between White and BME students decreased to 4.2 per cent for firsts, one of the lowest gaps amongst the Russell Group, and maintained at 4.7 per cent for good honours. The effectiveness of our whole provider approach has been highlighted by the regulator, the Office for Students, as a case study for good practice.

A wealth of activity has also been targeted at students from underrepresented backgrounds including enhanced support for a growing cohort of forced migrants, care leavers and estranged students. The Guardian award-winning Civic Leadership Academy has provided 150 students with leadership training, bursaries and internships with local third sector organisations since it launched in 2019. Demand for the programme continues to grow with 150 students applying for just 50 places in 2021–22.

### Mental health and wellbeing

The mental health and wellbeing of our students and our staff is something we care deeply about and we are proud that during 2021–22 our approaches to strengthening the mental health and wellbeing of students at King's were used as examples of good practice for the higher education sector. Increased investment in mental health and wellbeing services is providing a range of holistic, preventative support for students. Dedicated Wellbeing and Welfare Advisors have been appointed to support students in faculties, and a Pro-Counselling telephone service established to ensure students have access to support outside of normal business hours.

The first institution-wide student wellbeing survey was delivered in 2022. 4,695 students responded and preliminary results have provided strong insights on where targeted wellbeing support is most needed.

Work in partnership with KCLSU Wellbeing to equip and train student leaders to support themselves and others through student-led wellbeing activities and high-quality peer support has grown. This partnership is seen as sector-leading and is essential for continuing to ensure the needs of students are met.

The university partnered on the launch of the Education for Mental Health toolkit, funded by Office for Students – alongside University of Derby, Aston University, Advance HE and Student Minds. Many of the case studies provided come from King's and a package of training to support academics to embed these practices is being developed.

This academic year King's Sport & Wellness have engaged more than 16,000 users, with 835,000 engagements across all programmes equating to 1.4 million hours of exercise. Digital engagements total 1.1 million, with a year-on-year growth of 28 per cent. King's commitment to inclusion, sustainability and improving the health of the campus has been recognised by Quest (Excellence Award), the International University Sports Federation (Platinum) and UK Active (Highly Commended).

### Graduate outcomes

King's graduates continue to be well prepared for professional and further academic success beyond their studies at King's. Of the 2019–20 cohort, 89 per cent of graduates who responded to the survey were in work, further study or a combination of these and 80 per cent of those in employment strongly agreed or agreed that they were doing activity which was 'meaningful' to them.

Following King's full return to campus, engagement with extracurricular opportunities has been strong. King's Edge is becoming an established portal for students to enhance their skills and engage in activities across the university, from languages to entrepreneurship.

6,000 one-to-one careers guidance appointments took place in 2021–22. The number of King's Undergraduate Research Fellowship places grew by 250 between 2020 and 2022 through increased King's Edge funding. This continues to be a well-regarded opportunity amongst students with more than 1,958 applications for 425 places. A new inclusive scoring methodology resulted in a large proportion of underrepresented students benefitting from the opportunity in 2021–22.

### Widening participation

King's College London Widening Participation (KCLWP) has several longstanding post-16 programmes which continue to consistently support access to King's and other selective universities. Over 5,000 underrepresented young people from primary schools, secondary schools and post-16 education engaged in a suite of Widening Participation programmes in 2021–22. King's maintained the previous cycle's success against ambitious targets with the proportion of UK domiciled undergraduate students enrolling from widening participation backgrounds being 48 per cent in 2021–22.

New initiatives in 2021–22 include a new GCSE tutoring programme called Scholars+, launched to raise attainment and address differential outcomes and the launch of 'Be Well Hubs' in partnership with CitizensUK and Lambeth Council to support local school pupils with their wellbeing.

### Research

[Our enquiry-driven research delivers transformative insights and solutions that have the power to advance and accelerate global progress.](#)

Research is a principal component of the university's mission, contributing both knowledge generation and societal impact. It underpins our objectives in education and service and secures our place as one of the world's leading universities. 2021–22 saw an increase in our research activity as work deferred during the COVID-19 pandemic restarted and further sustained performance over the last three years in winning research grants transformed into research activity. This is reflected in research income increasing by 17.7 per cent to £221.2m for 2021–22.

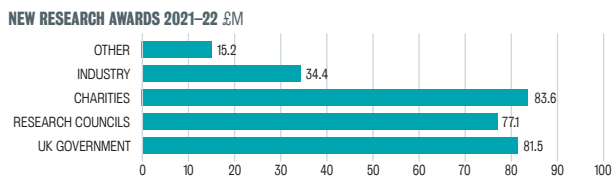


The overhead income associated with these awards has risen by 25 per cent to £49.1m, reflecting a focus on improving our ‘funder mix’ and on maximising cost recovery.

### Research Excellence Framework (REF)

The Research England REF exercise informs the distribution of more than £1bn per year of ‘Quality-Related’ funding from Government. The most recent exercise – covering the period 2014–20 – released results in June 2022, with King’s ranked sixth in the UK for research power (size and quality combined). Notable results included first place rankings for Allied Health Professions, Dentistry, Nursing & Pharmacy, Classics and Politics and International Studies, and second places for Psychology, Psychiatry and Neuroscience.

### Research funding performance



New awards have risen by eight per cent to £292m for 2021–22, by far our highest ever figure. This incorporates a major award for the King’s Defence Academy (£44m). Even without this award, the figure of £248m is still higher than our three-year average. This is a very positive result, given our performance has been improving steadily since 2015–16 (£158m). In particular, new award values have increased substantially in Natural, Mathematical & Engineering Sciences (up 53 per cent) and in Social Science & Public Policy (up 39 per cent, excluding the Defence Academy award).

Examples of major strategic awards include:

- Renewal of the Medical Research Council (MRC) Centre for Neurodevelopmental Disorders (£2m)
- Two awards under the new Wellcome LEAP programme: on gene therapy/vaccine manufacturing and on cancer (\$23m)
- A new Wellcome PhD programme in Mental Health for Health Professionals (£8m)
- Global Health Centres in Palliative Care, in Adolescent Mental Health, in Homelessness and in Cross-Border Conflict (£12m)
- A new Economic and Social Research Council (ESRC) award for our UK in a Changing Europe programme (£4m)
- An Engineering and Physical Sciences Research Council (EPSRC) programme in photocatalysis (£8m)
- European Research Council Advanced Grants in music and social sciences (£4m, subject to UK association)

- A £44m contract with the UK Government to run the King’s Defence Academy.

(Amounts listed are total award, not amounts to King’s)

Overheads associated with new awards have risen by 75 per cent to £75m (a nine per cent increase excluding the Defence Academy contract).

### Commercialisation and industry partnerships

#### Commercialisation

King’s continues to see exciting performance with ventures and assets linked to our research outputs. We have improved our performance in Knowledge Exchange activities, confirmed in the Knowledge Exchange Framework (KEF) 2021 assessment. King’s sits notably in the top 10 per cent of research intensive universities for IP & Commercialisation and Research Partnerships, Entrepreneurship & Policy Institutes.

An independent evaluation (Beauhurst – top equity investment deals 2021) shows that King’s (when measured by equity volume) was ranked fifth in UK and first in London, with £245m in 2021 Equity investment leading to job creation, indicating the importance to the local economic sustainability. Notable outcomes include:

- GammaDelta Therapeutics Ltd and Adaptate Biotherapeutics Ltd (cancer immunotherapy) both being acquired by Takeda. This has returned more than £11m in share proceeds to King’s this year. Similar share proceed sums are due as milestones as the company progresses development, and further milestones and royalties from future product sales also remain a potential significant future return.
- Heqet Therapeutics Ltd, a new spin out company (regenerative medicine in cardiology) raised €8m in Series A financing round, led by Claris Ventures and 2Invest. The proceeds of the Series A investment will be used to complete pre-clinical work and advance the RNA-based therapeutic towards clinical trials.
- VitroLabs Inc, a Bay Area based biotech company leading the development of a new scientific process to grow the world’s first cellular cultivated animal leather (into which King’s has licensed IP in return for shares), closed a Series A financing to build and scale pilot production. The company has raised a total of \$46m.
- Femtogenix Ltd (anti-cancer therapy), now Pheon Therapeutics Ltd, completed a oversubscribed series A investment of more than £45m.

- Both Quell Therapeutics (regulatory T cells for transplant and autoimmunity) and AviadoBio Ltd (formerly Neurogeneus Ltd) featured in the top 11 UK equity raises of 2021.
- Quell raised a further \$156m in an oversubscribed Series B Financing round co-led by Jeito Capital, Ridgeback Capital Investments, SV Health Investors and Fidelity Management & Research Company LLC to advance its Pioneering Multi-Modular Engineered T Regulatory (Treg) Cell Therapy Pipeline and Platform.
- AviadoBio raised \$80m in Series A Financing round to Advance Neurodegenerative Gene Therapy Platform, led by New Enterprise Associates (NEA) and co-led by Monograph Capital follows seed funding by Advent Life Sciences, Dementia Discovery Fund (DDF), F-Prime Capital, Johnson & Johnson Innovation – JJDC, Inc. (JJDC), and LifeArc.
- ZOE Global Ltd (personal health, with particular emphasis on nutrition and microbiome) has now raised a total of \$47m over three funding rounds.
- Leucid Bio (CAR-T cell therapy for cancer) raised £11.5m in a Series A financing round. The investment was led by Epidarex and new investor Vulpes Investment Management, with participation from new investors 2Invest and Future Fund of the British Business Bank, and existing investor Sofinnova Partners. Proceeds from the financing will be used to initiate a Phase 1 trial of its lead candidate, LEU-011, for the treatment of platinum resistant ovarian cancer.
- Epsilogen Ltd, (novel immunoglobulin E (IgE) antibodies to treat cancer), secured £30.8m in an oversubscribed Series B financing round. The round was led by new investor Novartis Venture Fund and joined by new investors 3B Future Health Fund and British Patient Capital, Schroders Capital and Caribou Property. The proceeds from the financing will enable Epsilogen to establish clinical proof of concept for lead drug candidate MOv18 IgE in a phase Ib trial in platinum-resistant ovarian cancer, an aggressive cancer with poor treatment alternatives.

### Industry partnerships

King's received £34m in new awards from industry in 2021–22, including the following major activities:

- new industry partnership with GSK: the Translational Oncology Research Hub, with substantial investment from GSK: King's College London and GSK announce new cancer research collaboration ([kcl.ac.uk/news/kings-college-london-and-gsk-new-cancer-research-collaboration](https://www.kcl.ac.uk/news/kings-college-london-and-gsk-new-cancer-research-collaboration)).

- on-site Bioscience Innovation Hub with Unilever, including a Unilever research lab at Guy's: New King's and Unilever Bioscience Innovation Hub launched ([kcl.ac.uk/news/new-kings-and-unilever-bioscience-innovation-hub-launched](https://www.kcl.ac.uk/news/new-kings-and-unilever-bioscience-innovation-hub-launched)).
- UCB Research Hub at Guy's has been renewed for a further three years.
- partnerships with Siemens Healthineers, Medtronic and Nvidia continue to provide a major route to impact and are expanding and progressing well.

Innovation@King's has been created as part of Strategy 2026 enabled by a reconfiguration across the Research, Business Development and Technology Transfer pipeline. Innovation@King's will coordinate all commercialisation and business engagement activities. Such consolidation is designed to enhance support for the King's community and to facilitate innovative businesses to navigate our eco-systems more readily.

### Serving our local, national and global communities

Our commitment to serving the needs and aspirations of society drives tangible impact locally, nationally, and internationally.

Service to society is made a reality through initiatives including King's Sanctuary Programme, which was formed in 2015 in response to the global issue of forced displacement. In March 2022 we announced that King's had partnered with Citizens UK to lead a sponsorship model for UK universities to help host displaced Ukrainian students and academics. Building on King's experience of leading the Partnership for Digital Learning and Increased Access (PADILEIA), which saw over onem learners worldwide enrol on short courses designed to provide access to higher education for refugees in Jordan and Lebanon.

As the UK's first university to act as a Community Sponsor for a refugee family displaced by the Syrian war, King's shared learnings from that scheme to deliver a model for how UK universities might best implement the Government's Homes for Ukraine scheme. To strengthen this work, King's received a significant donation from the XTX Markets' Academic Sanctuaries Fund to develop a new Sanctuary Hub. The Hub uses a unique distribution model to provide studentships and fellowships for individuals impacted by the war in Ukraine, including students and academics from Ukraine, Russia and Belarus. By offering these studentships and fellowships through a network of university partners, eligible individuals are able to apply to a range of higher education institutions.

As part of their resettlement, the students and academics receive wraparound support such as dedicated mentorship, wellbeing and accommodation support and access to English language classes.

In 2019 King's became the first whole-university strategic partner of Citizens UK, Europe's largest and most diverse alliance of civil society institutions. Collaborations with King's include a bespoke Community Organising training course for King's students and a Master's level Service-learning module entitled 'Migration, Social Justice & Community Organising'.

This partnership exemplifies how service to society is embedded across our activities and into our students' learning experience. To make it easier for students and staff to discover opportunities and build connections with people and organisations that are driving positive change in our local, national and international communities, we launched the King's Volunteering platform this year.

To support volunteering amongst our staff, Service Time offers King's employees three days annually (pro-rated) to volunteer for other organisations or volunteering programmes. Staff can choose how to use this time and volunteering examples include working with community groups to preserve natural spaces in London, running community basketball sessions and volunteering with Crisis UK, the national charity for homeless people.

The university also hosts the annual King's Global Day of Service on 25 March to celebrate the day King's was founded with students, staff and alumni joining a range of volunteering activities around the world. In 2022, 575 members of the King's community contributed over 2,900 volunteering hours across 32 countries. From joining a garden spring clean, to mentoring students and digitising books, King's students, staff and alumni used their knowledge, skills and experiences to give back and make a positive difference.

Deepening our local connections has galvanised partnerships with our home boroughs to enrich the student learning experience and strengthen our research. In March 2022, King's and Southwark Council formalised a commitment to working in partnership by signing a shared Statement of Intent. The agreement outlines how the two organisations will work together to serve, support and sustain local communities in ways that contribute to students' learning and generate research insights of value to London. The Statement of Intent with the London Borough of Southwark complements bespoke agreements already in place with Lambeth Council and Westminster City Council.

King's works in partnership with our local London communities to improve access to education; support the development of thriving local economies; address issues such as health inequality; and develop opportunities for creative collaboration. Examples include:

- **King's Social Mobility & Student Success Department** works across local schools and communities to support young people and families who live, work and learn in Lambeth, Southwark and Westminster. K+ is King's flagship post-16 programme giving Year 12 and 13 learners from non-selective schools in Greater London a chance to experience university study and increase their chances of getting to a top university.
- **King's Business School Consultancy** which offers up to 15 enterprises in our local boroughs the opportunity to receive business consultancy from ambitious and skilled students, free of charge.
- **The King's Factor** is a free after-school programme that brings together students from Year 12 and Year 13 and gives them the opportunity to build their mathematical skills in a supportive environment.
- **The REACH Study**, an ongoing programme examining the extent, nature and development of mental distress among adolescents from diverse social and ethnic backgrounds. It has brought together more than 4,000 young people from 12 secondary schools in south London to talk about their mental health, social circumstances and experiences.
- **Work/Place: London returning**, led jointly by the Policy Institute at King's and the King's Business School brings together London-based employers and policy stakeholders to understand how Covid has altered the way Londoners now work and what the future of employment in the city will look like.
- **Shakespeare Centre London**, a new research centre from King's and Shakespeare's Globe – launched in 2022 – that brings together academics from the two organisations to create a beacon for the inclusive study of Shakespeare, text, performance and premodern critical race studies.
- **The Courtauld Institute of Art** and King's announced a new strategic relationship this year focused on new areas of academic and educational collaboration, including the development of co-convened Master's courses and interdisciplinary research opportunities.
- King's is part of the **Climate Partnership Group** a group of high-profile public, private and third sector organisations brought together by Lambeth Council to lead climate action in sectors ranging from higher education to housing.

Alongside our commitment to London and local communities, we are enhancing and strengthening our partnerships across the UK:

- **CUSP London** is a joint initiative from King's and the University of Warwick. It brings together researchers, businesses, local authorities and government agencies, to apply urban science to improving public health and wellbeing. The '**Brief Educational workshops in Secondary Schools Trial**' (BESST) led by academics from the Institute of Psychiatry, Psychology & Neuroscience (IoPPN) sees students from 60 schools in London, Bath, Manchester and Northampton taught techniques to successfully manage feelings of depression and anxiety. The hope is that this will be expanded into a national program.
- Through **6G Futures**, King's is bringing its expertise on 5G and future networks to a new collaboration with the University of Bristol, providing leadership and ensuring the UK's position at the forefront of next generation mobile networks research and innovation.
- A new **£20m urban development research project** with the University of Edinburgh seeks to improve resilience in urban planning and help combat extreme events, including floods, earthquakes and landslides.
- A **King's-led study**, in collaboration with University of Liverpool and the Karolinska Institute and published in the Journal of Clinical Investigation, showed that many of the symptoms in fibromyalgia syndrome are caused by antibodies increasing the activity of pain-sensing nerves.

It is King's ambition to engage and work collaboratively in every region of the world through the development of equitable partnerships with like-minded institutions, membership in university networks, and engagement with key regional and national stakeholders.

With a wide range of joint or double degrees at all levels and many opportunities to study abroad through our Global Mobility programmes, King's engagement with universities across the world provides diverse and enriching educational experiences for students.

We also aim to foster and support joint research and collaborative work that addresses global challenges and contributes to the prosperity of local and global communities:

- **King's Global Health Partnerships** works with health facilities, academic institutions and governments to strengthen health systems and improve the quality of care in four countries: Somaliland, Sierra Leone, the Democratic Republic of Congo and Zambia.
- **The Research for Health in Conflict (R4HC-MENA)** project aims to building research and policy capacity in conflict affected areas, on health, political economy of health, and complex non-communicable diseases.

- **ASSET NIHR Global Health Research Unit on Health System Strengthening in Sub-Saharan Africa** brings together surgeons, obstetricians, midwives, psychiatrists, public health dentists, palliative care and general healthcare specialists to work with social scientists, health economists, information technologists and implementation scientists. The group is looking for practical ways, through health system strengthening interventions, to improve the coverage and quality of care.
- Our academic partnerships and research collaborations with India include an anthropological research study with India's flagship cancer hospital, Tata Memorial Centre in Mumbai, and the co-creation of a gender equality framework for women in Science, Technology, Engineering, Maths and Medicine (STEMM) with the Government of India's Gender Advancement for Transforming Institutions programme.

King's membership in international university networks provide multiple opportunities for our researchers and students, enabling us to positively influence discussions on higher education policy. The Circle U. Alliance ([circle-u.eu](https://circle-u.eu)), for example, is part of the European Universities initiative, which aims to create an inclusive, research-intensive, and interdisciplinary university, offering students both a multi-cultural and multi-lingual learning experience. In 2022, Circle U. launched its first student summer schools in Paris, Berlin and Oslo, exploring approaches to rethinking global health, evidence and democracy in times of crisis, with 150 King's students from Bachelor to Master's joining the programme.

King's Vision 2029 seeks to inspire a diverse international student body supported by innovative curricular and extracurricular learning. To support our students to become global citizens and ambassadors for our ethos and values we developed the Cultural Competency Kickstarter to empower students to critically reflect on understanding their own identity, how they relate to others, and how they can make a positive difference at King's and in the wider world.

In recognition of our commitment to service and social impact, King's was ranked fifth in the UK, fifth in Europe and 24th in the world in the 2022 Times Higher Education (THE) Impact Rankings, the only global ranking that measures universities' contributions to the United Nations' Sustainable Development Goals (SDGs). We also retained our top position among London universities for the fourth year in a row. This achievement is made possible through the continued dedication of our students, staff, alumni and community partners to making a real and lasting difference in the world.

## Strategy 2026 and outlook

King's Strategy 2026 outlines how we intend to work over the next four years to build on our successes and continue to deliver the ambitions of Vision 2029.

King's Vision 2029 set out bold ambitions for the future of King's as we look towards our 200th anniversary. Launched in 2017, it outlined transformative initiatives aiming to broaden the base of King's, extend our reach, expand access, deliver an extraordinary student experience and strengthen how well we work together. We have made significant progress in the last five years, developing new areas of outstanding quality and building on our existing areas of strength across Arts, Sciences, Engineering, Health and Life Sciences.

Over recent years, the opportunities and challenges that framed King's Vision 2029 have amplified, while Brexit, COVID-19 and geo-political tensions have altered the contexts in which we work, teach and learn. Reflecting this new context, King's Strategy 2026 outlines how we intend to work over the next four years to build on our successes and continue to deliver the ambitions of Vision 2029.

At the heart of Strategy 2026 are four goals:

- Enabling Student Success
- A Thriving King's Staff Community
- Sustainable Research and Innovation Excellence
- Knowledge with Purpose: Service and Impact

Sustainable finances are one of the key enablers of Strategy 2026 as we aim to generate sufficient financial flexibility to allow us to invest in the future success of King's, our staff and our students.

- We will grow and diversify our income, including developing new income streams in executive education, online programmes and through philanthropy.
- We will reduce the relative cost of our space while improving satisfaction by being more efficient and targeted in our usage of campus spaces.
- We will continue to improve the value for money of our services while ensuring appropriate resourcing and investment.
- Executive Deans will manage their faculties within clear financial envelopes and will have the information and tools to do so.

## Enabling student success

We will enable success for an increasingly diverse student body through world-class education, designing this future with our students and staff.

- We will equip students for academic and lifelong success through a focus on data-informed, inclusive and personalised student journeys and support.
- We will enable and support our academic staff to design and deliver an education that is world-class.
- We will widen King's educational reach to new and increasingly diverse groups of learners through online and other technologies.
- We will become a sector leader in supporting student mental health and wellbeing.

A King's education is about more than achieving a good degree classification: it enables students to develop their intellectual curiosity and passion for learning and contribute to real-world social, environmental and economic impacts.

A King's education will be personalised, bespoke and flexible, supporting our students' journeys and their success into, through and beyond King's. By removing barriers to students' success and developing their perseverance and personal wellbeing, inclusion and respect are championed and integrated into the King's student experience as institutional and personal values.

During their time at King's, students learn how to effectively navigate their lives and careers after university, as highly employable and sought-after graduates.

## A thriving King's staff community

We will continue to build a thriving staff community at King's, particularly through supporting our staff to develop their potential within a positive and inclusive culture.

- We will build a thriving, diverse and inclusive community where all feel that they are respected and belong.
- We will measure and improve our support for staff wellbeing, and our staff engagement.
- We will develop and empower our staff to build their chosen careers at King's and beyond.

We have put in place many of the building blocks to realise these ambitions, introducing Our Principles in Action; creating research leadership programmes; an Academic Education career pathway; staff networks and a university-wide commitment to inclusion; and efforts and initiatives to improve and protect wellbeing.

Our staff have told us that they are proud of working at King's and have a strong sense of purpose and mission. At the same time, we know that many of our staff are concerned about workload, pay and pensions, equality, diversity and inclusion and opportunities for career development.

Our community thrives when staff are supported to perform at their best by policies and management practices that recognise their whole selves. We will develop and empower our staff to build their chosen careers at King's and beyond. We will measure and improve our support for staff wellbeing and our staff engagement. The COVID-19 pandemic has had varied consequences for staff to which we must respond. We are committed to working with our staff and unions on these and other issues, to continue to support our people and to develop a diverse and inclusive culture at King's.

### Sustainable research and innovation excellence

We will build on our strong foundations to ensure sustainable excellence in research and innovation.

- We will build research and education excellence at scale in Natural, Mathematical & Engineering Sciences.
- We will extend our strengths in health research to drive impact, investing in leveraging this leadership in major external competitions.
- We will accelerate growth in digital, AI and data-driven research across the university.
- We will strengthen support for research impact – including strengthening support for applied research and commercial partnerships.
- We will enhance our research culture, focusing on research careers and on supporting ethical, open research and highlighting our research-enhanced education.

In addition to maintaining our focus on multidisciplinary collaboration, our research environment and staff development, new areas of future focus include:

- Significant enhancements in Natural, Mathematical & Engineering Sciences.
- Extending our strengths in health research to drive impact, while investing to leverage this leadership in major external competitions.
- Accelerating growth in digital, AI and data-driven research across the university (including the humanities).
- Transforming support for research impact – including creation of an integrated Innovation function for commercialisation and business partnerships.
- Improving our research culture – focusing on early career researchers and on supporting ethical, open science and highlighting our research-enhanced education.
- Becoming a leader in research for a just transition to a net-zero society, covering environment and sustainability.

- Ensuring that the financial model underpinning our research becomes increasingly sustainable.

High quality research is built upon excellent teams and individuals, and to ensure this we will look to strengthen the attractiveness of the jobs and development opportunities we offer and instil a culture based upon inquiry, respect, integrity and openness.

### Knowledge with purpose: service and impact

We will use our assets and capabilities to make a positive difference in the world, including making a step change in our approach to sustainability and climate change.

- We will be a leader in education and research for a just transition to net zero and will build sustainability into all our actions, aiming to become a net zero institution by 2030.
- We will continue to deploy our knowledge in service to society and to engage the communities we serve in London, the UK and globally through equitable partnerships.
- We will be impact driven in all that we do, adopting a whole-university approach and collaborating with our partners to solve global challenges where our work can make the biggest difference together.

Strategy 2026 brings even sharper focus to our efforts to respond to the most pressing global issues. We will continue to deploy our knowledge in service to society and to engage the communities we serve in London, the UK and globally through equitable partnerships. We will build on these relationships while also establishing new networks and business models to increase access to world-class, impact-driven education. Embedding sustainability into our operations and maximising our positive impact through solutions-oriented research and education, we are working to address the climate emergency and shape climate action.

### Operational environment and outlook

King's has expanded significantly over the last decade. With this our student numbers have increased as has the diversity of our student population, reflecting a very broad range of economic backgrounds, nationalities and cultures and individual needs. Ensuring we continue to offer an excellent student experience to all our students is our number one priority. The student experience and enabling student success will be at the heart of our investment strategy in the short to medium term.

The current volatility in the United Kingdom and world economies, is creating great uncertainty for both our operational decision making and financial plans. This can be seen in both real-world impacts such as the cost of living to both students and staff and where our finances are dependent upon financial and economic markets such as our endowment assets and pension schemes.

USS has been an issue for the sector for the last decade, and we cannot at this time know what the funding position will be in March 2023 when the next valuations are performed, with gains in some areas, eg reduced liabilities from increased discount rates as government gilt rates increase, offset by losses in others such as asset values as equity markets fall, and pension funds are required to de-risk their investment holdings. We will continue to take a prudent approach to the management of our pension schemes engaging with both employees through UCU and Unison, and other members of the sector through Universities UK.

Whilst appropriate budgeting and forecasting means that current economic conditions do not present an existential risk to the university, it does restrict the extent to which we can invest in our strategic objectives. We will increasingly diversify our income streams in future, both in terms of range and type of courses we offer and the markets in which we will look to recruit our students.

We are also conscious of the pressures inflation will have on our student body, as their cost of living increases and the need to supplement loans with part-time work increases. A significant budget has been set aside for student support through bursaries, hardship funding and food discounts.

Whilst pay and pensions are largely nationally negotiated, we have been able to provide some relief for staff on cost of living in-year around London Weighting, and we continue to consider what further support can be provided.

2022 saw the UK Government's response to the Augur report, which whilst containing challenging policies around the maintaining of the home undergraduate fee cap at £9,250 up to and including the 2024-25 academic year, and changes to student loan terms, did at least bring some certainty. However, with two changes in Prime Minister during 2022, we are entering a period of further political uncertainty for the United Kingdom and for the Higher Education sector and we wait to see what the policy position of the new Prime Minister will be on both university funding and student visas.

### 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 2022–23 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.
- Reverse stress tested the university in a number of scenarios to see under what circumstances it would face an existential risk, including what would lead to a breach of debt covenants, or cash held being insufficient to meet payroll. With a mitigation plan devised for these circumstances.
- Had all budgets and forecasts scrutinised by the university's Finance Committee which has expert independent members.
- Considered the solvency and liquidity position of the university and the availability to it of debt finance as required, 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

We are aware that after a couple of years of historically high surpluses, that the coming years will be financially more challenging with a target contribution from operations of four per cent for 2022–23 then increasing in the following years as part of our sustainable finance plan. We will look to hold steady on student numbers as we bring our activities and resources back into balance and enable some limited but steady growth in line with our plans. We will see pay costs increasing as inflation bites and we are also already experiencing non-pay cost increases as they reflect a greater impact from inflation and the effect of increased energy costs in our supply chain. Overall, the university expects to generate a positive surplus before movement on the pension provision for 2022–23, but down on recent years, and there is nothing which suggests a going concern risk for the university.

### 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 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.

The university retains the majority of the cash from the debt we issued in June 2021 with the intention of funding the university's capital investment plans over the coming years. Including this capital spend, we still expect to maintain cash at a level above our target of having access to at least £150-200m 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. 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.

With recent changes in the UK economy and rising interest rates, the cost of debt is significantly higher than it has been in recent years, making debt funding less appealing at this time. This means our focus will increasingly be on generating sustainable cash flows for investment and liquidity, but we are confident debt finance should be available to the university as required.

### Severe but plausible downsides

For a risk to be an existential going concern issue it would likely need to lead to one of the following scenarios;

- ♦ The university breaches the terms of its registration with the OfS and loses the right to award degrees or receive funding through the student loans system
- ♦ Cash falls to a level where the university can no longer meet its financial obligations, as they fall due
- ♦ The university breaches its loan covenants and is then not able to renegotiate new terms with lenders meaning that the debt falls due and the university is unable to make payment
- ♦ Permanent or long-term loss of access to key, teaching, research, and administrative facilities

Based upon our going concern review, no risk is currently considered to put the university into one of the above positions.

The last seven years from the referendum to leave the EU onwards, through the COVID-19 pandemic, and into the current economic instability faced by the United Kingdom and world economies, has been a period of great uncertainty for the higher education sector.

King's has so far successfully weathered these challenging conditions, but we remain conscious of the risks the current social and economic environments present.

Whilst we are through the worst of the COVID-19 pandemic, its legacy and the risks it surfaced are at the forefront of the university's risk planning. Particularly around delivering high-quality education and meeting student expectations when our ability to provide on-campus teaching and research facilities is constrained, and the impact of this upon income streams and financial sustainability. A combination of great efforts by our staff, high quality IT provision which allowed speedy migration to online teaching and working, and financial strength going into the pandemic, meant that the university was able to successfully react to COVID-19. Having learnt from this experience, investment in technology and space improvements remain a key priority, as does ensuring we continue to operate in a financially sustainable manner.

The impact of climate change is increasingly apparent with increased temperatures in recent summers and more frequent flooding events in London raising the operational risk to King's College London. The impacts are likely to be similar to the pandemic, with the risk of loss of access to on-site teaching and research facilities, and a required move to online teaching. Longer term there are greater existential and social implications if action is not taken to mitigate against climate change, but these would not be restricted to the university alone. We have established a business continuity working group to ensure that we can react to any immediate impact of flooding or extreme weather, and a Climate Action Network operates to develop a King's-wide response to climate change.

With home undergraduate student fees continuing to be capped at £9,250 until at least 2024-25, overseas students now form a larger proportion of the university's income. Our operational and financial models have adapted to support this increased cohort, and a large uncontrolled reduction in student numbers would be a significant challenge to the university's financial viability. In the short-term compliance with our cash reserves policy means that this would not be an immediate existential risk, providing time for longer-term mitigating adjustment to our financial plans. Medium term forecasting suggests that we have the options available to us to make reasonable adjustment to meet changes in income related to a change in student mix or numbers.

We have considered the risks associated with which countries our students come from and the socio-political views and events which could result in students coming from a particular country no longer being able to gain visas to study in the United Kingdom. Whilst our exposure was limited, this risk has been recently exemplified by the war in Ukraine and sanctions enacted against Russian citizens and institutions.



To mitigate this risk we are looking to expand the markets we recruit significant numbers of students from, although this is not entirely within our control as it is also limited by the availability of visas to students on a country by country basis.

Our ability to attract overseas students is built upon our reputation for teaching and research excellence and the strength internationally of the King's College London brand. An action or event which causes significant damage to the university's reputation and brand could have a significant knock-on impact on the university's ability to attract these students and thus to us being able to operate on a financially sustainable basis. Similarly, an event which damages the university's research reputation could have a detrimental impact on our ability to win future research funding.

The quality of the student experience remains a key priority of the university's strategy to ensure that we maintain our reputation and are able to adapt as the priorities of our students evolve over time. Similarly, a significant focus and investment has been put in place on our processes around research compliance and ethics. Whilst an unforeseen event which leads to reputation and brand damage can't be completely mitigated against, we are confident we have the professional services and processes in place to minimise its impact.

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 the war in Ukraine 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 whilst this will be challenging we remain confident that this does not present a likely going concern risk during this period.

Whilst the government released its response to the Augur higher education funding review during the year, with the changes in Prime Minister there is increasing 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.

University sector pension schemes remain a risk, with uncertainty around the long-term cost of these schemes and the damaging affect of regular changes upon staff morale.

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, although scheme changes mean it is now likely moving in the right direction. Through Universities UK we will continue to engage actively and constructively with the USS Trustee, UCU and the Pensions Regulator to manage this risk.

## Conclusions

2021–22 has been a challenging year for staff and students, who have shown tremendous resilience through the pandemic. Our underpinning financial results have been strong and whilst not a sustainable basis for the future, provides a strong foundation for forward planning and investment. Our results are tempered by ongoing concerns around the USS pension scheme with further work progressing to create a more modern and accessible scheme for the needs of all our staff. As we head into 2022–23, and reflecting our strategy refresh, we know there are challenges to come, particularly around costs, and improving the student experience. We are resilient, financially and operationally, and in a strong position to meet these challenges whilst maintaining our strategic direction over the next planning period.

**Michael D'Souza**  
*Treasurer*

**Annie Kent**  
*Vice President (Finance)*  
*Chief Financial Officer*

# Corporate and social responsibility

## Equality, Diversity & Inclusion

Equality, Diversity & Inclusion (EDI) underpins Strategy 2026, 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 support the quality of our 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.

The results of the Workplace Equality Index (WEI) were received in February 2021, with King's College London being named a 'Gold' employer, ranking 14th out of 468 organisations and second within the Higher Education Sector. Proudly King's also received 'highly commended' status for their work as a staff network.

A key priority for the university is to improve disability inclusion and accessibility for our whole community. A Senior Sponsor and a Steering Group have been established to lead King's work in this area and ensure impactful progress is made. Targeted advice and support for staff has been developed in the form of a new Disability Inclusion Hub which also includes a new Digital Accessibility Toolkit. In 2022 King's participated in a government pilot scheme for student disability passports, in partnership with the University of Wolverhampton.

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 conducted a race equality survey, which received 268 student and 491 staff responses. The results show that the prevalence of microaggressions remains an issue for the university and so we have developed and delivered a range of training to support change. In order to diversify our talent, King's has awarded a series of Harold Moody scholarships to Black Home Postgraduate Research students in arts, humanities and social sciences, through fully funded four-year PhDs.

Our gender equality work has been shared internationally, with several peer mentors from our community forming relationships with five Indian Institutions as part of a British Council funded partnership. This beacon activity will enrich Athena Swan and gender equality work within King's. The Global Institute of Women's Leadership is conducting a research study into gender equality in King's Business School and Research Management & Innovation Directorate within King's. This research will be a catalyst for gender inclusion and an internal evidence base for future gender inclusion work.

We are committed to creating an environment which is respectful, inclusive, and productive for all our community. This includes eliminating all forms of harassment and bullying.

We have undertaken a dedicated series of activities to support our community. This programme of work is about culture change and will take time. To achieve this, we will endeavour to make changes to systems, symbols, and behaviours across our community.

Our commitments are to:

- demonstrate and actively role model appropriate leadership behaviour
- create a consistent approach to tackling bullying and harassment across the College
- be transparent in the way we manage bullying and harassment
- build a culture of trust where colleagues can feel that they can speak up and will be listened too
- analyse the data and build a consistent reporting methodology
- build awareness across the College of how to challenge and intervene if bullying and harassment is taking place
- include 360-degree feedback in the promotions round to ensure that positive and strong leadership behaviour is rewarded.

The university has purchased Culture Shift's Report and Support tool to provide a universal way to report bullying, harassment and unacceptable behaviour.

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://kcl.ac.uk/hr/payequality)). Our mean gender pay gap has reduced from 19.5 per cent in 2017 to 14.8 per cent in 2021. Our mean ethnicity pay gap has decreased to 19.1 per cent in 2021 from 19.9 per cent in 2020. Our ethnicity pay gap is higher than pre-2020 due to the insourcing of cleaning and security staff. We know there are imbalances which needs to be tackled, and we will be continuing with Race Equality Charter and Athena Swan Action Plans to make progress against pay gaps.

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 meeting or exceeding our near-term targets for proportions of 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 and professional services staff and female Black and Minority Ethnic academic staff, however King's has the highest proportion of senior female academic staff within the Russell Group, standing at 39 per cent in 2021–22.

## KPIs at King's institutional level\*

Net Debt £m	2021-22	2020-21	King's Target
Senior female academic staff %	39.0	38.1	42.1
Senior female professional services staff %	50.6	50.8	50.7
Black and Minority Ethnic (BME) academic staff %	23.4	21.3	21.9
BME professional services staff %	22.5	23.1	23.0
Female BME academic staff %	11.5	10.5	11.6
Female BME professional services staff %	14.0	14.0	13.6

The development of internal EDI data apps for Athena Swan and Workforce data is progressing. Improvements to accessibility and accuracy of data insights is core to empowering local EDI activity.

## Sustainability

Strategy 2026 states that we will use our assets and capabilities to make a positive difference in the world, including making a step change in our approach to sustainability and climate change.

We will be a leader in education and research for a just transition to net zero and will build sustainability into all our actions, aiming to become a net zero institution by 2030.

King's regularly monitors its progress against a range of sustainability targets (King's College London – Sustainability Report ([kcl.ac.uk/aboutkings/strategy/sustainability/policies-strategies/sustainability-report](https://kcl.ac.uk/aboutkings/strategy/sustainability/policies-strategies/sustainability-report))). These include policies and targets on energy and carbon management, waste management, and student and staff engagement.

Within and beyond King's, we are taking decisive action to address our own impacts on the climate. We have decoupled university growth from growing carbon emissions and more than halved our emissions in the last 15 years. Reflecting King's continued commitment to environmental and social sustainability, we ranked second in the UK and first among the Russell Group universities in the People & Planet University League, rising from 21st place in the previous ranking in 2019. King's received an overall score of 79.5 per cent, achieving 100 per cent for staff dedicated to championing sustainability, the rigour with which we assess our environmental impacts, and our education for sustainable development. High marks were also awarded for our accreditation as a Living Wage employer, for in-sourcing our cleaning and security staff and for embedding social and environmental considerations into our supply chain.

King's Climate and Sustainability Action Plan was developed in collaboration with students and staff and is due to be published in 2022–23. The plan sets out our commitments and actions towards becoming a net zero institution, and further embeds environmental sustainability across our university activities.

Following the receipt of a grant through the Public Sector Decarbonisation Scheme, the university carried out a number of energy saving and heat decarbonisation projects at buildings including the Maughan Library and Stamford Street Apartments. The funding also enabled the development of a Heat Decarbonisation Plan for the university estate. To ensure campuses are operated sustainably, the Estates & Facilities Environmental Management System was re-certified to the ISO14001:2015 standard following an external audit in May 2022. King's Food were recognised for continually improving the sustainability of King's catering operations, achieving Fairtrade University status with two stars, and three stars in the Sustainable Restaurant Association's Food Made Good rating.

Students and staff continued to engage with sustainability. An online climate and sustainability module was piloted through our online learning platform KEATS. The content of the module was co-created with King's students and alumni, and in its first year more than 180 students and staff completed it. An audit mapping King's modules against the United Nations Sustainable Development Goals showed areas of strength and opportunity in developing education for sustainable development. Our Sustainability Champions programme saw more than 60 teams receive Sustainability Awards for carrying out 2,800 actions.

COP26 took place in Glasgow in November 2021. King's is home to many climate researchers, including three lead authors of the Intergovernmental Panel on Climate Change (IPCC). During COP26 we shared King's climate expertise through our website, social media and podcasts.

King's Ethical Investment Policy commits the university to no direct investments in tobacco and to divest from all fossil fuels by the end of 2022. We achieved our divestment target two years ahead of target and increased the proportion of investments in positive purpose. This policy is due for review ([kcl.ac.uk/governancezone/finance/ethical-investment](https://kcl.ac.uk/governancezone/finance/ethical-investment)) and we're currently undertaking a consultation exercise across staff and students to help inform an update to this policy.

## Socially responsible procurement

King's Socially Responsible Procurement Strategy ([kcl.ac.uk/governancezone/finance/socially-responsible-procurement](https://kcl.ac.uk/governancezone/finance/socially-responsible-procurement)) seeks to ensure that we buy third party goods and services in ways that are beneficial to society, especially in our local boroughs of Lambeth, Southwark and Westminster. As a member of Social Enterprise UK, we strive to award contracts to Social Enterprises that reinvest their profits towards social and environmental sustainability objectives that match our own. Our ambition is to increase number of companies in our supply chain that offer us societal benefits and to ensure our supply chain is ethical and responsible. To support these objectives, we have invested in tool that allows us to better identify and manage risks to ensure our supply chain is ethical and responsible.

## Modern slavery act

King's College London conducts its business in compliance with the provisions of all applicable legislation and operates a zero-tolerance policy towards non-compliance with the Modern Slavery Act 2015. As such, the university is committed to ensuring that mechanisms are in place to prevent business being undertaken with an organisation that has not adopted appropriate steps to ensure that Modern Slavery is not taking place in any of its supply chains.

King's College London seeks written assurances from prospective suppliers regarding their compliance with this Act.

Further information can be obtained from the King's Transparency Statement ([kcl.ac.uk/governancezone/finance/modern-slavery-act-transparency-statement](https://www.kcl.ac.uk/governancezone/finance/modern-slavery-act-transparency-statement)) and Policy ([kcl.ac.uk/governancezone/finance/modern-slavery-and-human-trafficking-policy](https://www.kcl.ac.uk/governancezone/finance/modern-slavery-and-human-trafficking-policy)).

# Council and Council committee membership

Members who served during 2021–22 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 Shitij Kapur** MBBS PhD FMedSci(UK) FAAHMS (AUS)  
*President & Principal since 1 June 2021*

**Vivek Ahuja**  
*Since 1 August 2020*

**Dr Natasha Awais-Dean**  
*Since 1 August 2022*

**Paul Cartwright**  
*Since 1 August 2019*

**Dr Hillary Briffa**  
*Since 3 November 2021*

**Donna Catley**  
*Since 1 January 2022*

**Sir Jon Coles**  
*Since 1 August 2019*

**Michael D'Souza**  
*Honorary Treasurer since 1 August 2016*

**Paul Goswell**  
*Since 1 August 2015*

**Mohid Yasir Kahn**  
*Ex Officio from 1 August 2022*

**Sir Ron Kerr** CBE FKC  
*Since 1 August 2019*

**Stephen Large** FKC  
*Since 2 April 2020*

**The Right Reverend and Right Honourable Dame Sarah Mullally** DBE  
*23 November 2015 to 31 July 2022*

**Professor Kim Piper**  
*Since 1 August 2022*

**Clare Sumner** CBE  
*Since 1 August 2019*

**Zahra Syed**  
*Ex Officio 1 August 2021 to 31 July 2022*

**Professor Guy Tear**  
*18 November 2019 to 31 July 2022*

**Kat Thorne**  
*Since 18 November 2019 to 31 July 2022*

**Nhuoc Lan Tu**  
*Since 23 March 2016; Vice-Chair since 1 August 2021*

**Professor Evelyn Welch** MBE FKC  
*Since 1 August 2013 to 31 August 2022*

## Chairs' Committee

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

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

**Paul Cartwright**  
*Ex officio, since 1 August 2019*

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

**Paul Goswell**  
*Ex officio, since 1 August 2015*

**Clare Sumner**  
*Ex officio, since 1 August 2021*

**Nhuoc Lan Tu**  
*Ex officio, since 1 August 2021*

## Finance Committee

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

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

**Sir Jon Coles**  
*Since 1 March 2021*

**Beatrice Devillon-Cohen**  
*Since 1 August 2019*

**Ms Debbie Gupta**  
*Since 1 August 2021*

**Philip Keller**  
*Since 1 August 2019*

**Annie Kent**  
*Ex officio, since 1 March 2020*

**Stephen Large** FKC  
*Ex officio, since 2000*

**Isabel Neumann**  
*Since 1 August 2019*

**Keith Nichols**  
*Since 1 August 2021*

**Nicky Richards**  
*Since 1 August 2019*

**Andrew Scott**  
*Since 1 April 2015*

## Audit, Risk & Compliance Committee

**Paul Cartwright**

*Chair; since 1 August 2019*

**Julienne Daghish**

*Since 1 August 2017*

**Dr Aleksander Ivetic**

*Since 1 August 2020*

**Waseem Malik**

*Since 1 August 2020*

**Adrian Signell**

*From 1 August 2020 to 31 July 2022*

**Professor Guy Tear**

*From 1 August 2021 to 31 July 2022*

**Nhuoc Lan Tu**

*Since 1 February 2017*

**Sarah Wilkinson**

*Since 1 August 2017*

## Investment Subcommittee

**Simon Pryke**

*Member since 1 April 2015, Chair since 1 August 2020*

**Professor Marion Thain**

*Principal's Designate since 1 August 2021*

**Simon Cruickshank**

*Ex officio, since 1 June 2019*

**Mouhammed Choukeir**

*Since 1 August 2019*

**Rob Gambi**

*Since 1 April 2015*

**Gary Greenberg**

*Since 1 August 2019*

**Annie Kent**

*Ex officio, since 1 March 2020*

**Nicky Richards**

*Since 1 August 2020*

**Nick Wood**

*Since 1 August 2019*

**Joseph van Zanten Gallagher**

*Since 8 March 2018*

## Estates Strategy Committee

**Paul Goswell**

*Chair since 1 August 2015*

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

*President & Principal since 1 June 2021*

**Stephen Clifton**

*Since 1 August 2019*

**Michael Creamer**

*Since 1 August 2019*

**Stephen Hughes**

*Since 1 August 2019*

**Helen Gough**

*Since 1 August 2020*

**Annie Kent**

*Ex officio, since 12 March 2020*

**Sir Ron Kerr** CBE FKC

*Since 1 August 2020*

**Stephen Large** FKC

*Ex officio, since 1 March 2020*

**Nick O'Donnell**

*Ex officio, since 1 August 2017*

**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 conditions of registration set by the Office for Students (OfS) and the requirements of Research England
- b. in accordance with the seven principles identified by the Nolan Committee on standards in public life (selflessness; integrity; objectivity; accountability; openness; honesty; leadership) and
- c. 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. All governance arrangements are set out for transparency on the College's web pages. Policies and procedures are available through the externally facing web pages from Governance Zone ([kcl.ac.uk/governancezone](https://kcl.ac.uk/governancezone)). We have an open publication schedule for minutes of Council ([kcl.ac.uk/about/governance-policies-and-procedures/college-council/agenda-and-minutes](https://kcl.ac.uk/about/governance-policies-and-procedures/college-council/agenda-and-minutes)).

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 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, Vice Presidents 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 on 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 2022 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 & 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 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. 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 2022 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 on 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
- ♦ 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 the 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.
- ♦ 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 2022 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 of the University's affairs as at 31 July 2022, and of the Group's and of the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; 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 it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the 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 directors, the Audit, Risk and Compliance Committee, 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 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 Group management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates; and
- the risk that research income is not recognised in line with the University's accounting policies or relevant accounting standards.

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 to unusual account combinations for research income and cash.
- For a sample of research projects we tested whether expenditure was in line with the terms and conditions of the relevant contract and assessed whether associated income was included in the correct period and accounted for in accordance with the requirements of the relevant accounting standards.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors 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 (including relation charities and higher education legislation), taxation legislation, pensions legislation, and higher education financial reporting related regulation, 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 Group's registration with the Office for Students. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the Group'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.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

#### *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 and Social Responsibility, Corporate Governance and Statement on Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

### Council responsibilities

As explained more fully in its statement set out on page 34, 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

- ♦ funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ♦ income has been applied in accordance with the University's Statutes;
- ♦ 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 in accordance with section 13 – 18 of the Charters and Statutes of the University. 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

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

25 November 2022

# Statement of principal accounting policies

## 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.

## 1. 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 at the end of these sections.

## 2. 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 Institution 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 Institution in its separate financial statements.

## 3. 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 2022–23 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, reflecting the greater degree of uncertainty in the Higher Education sector due to the current economic conditions.
- 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 impacts of COVID-19, the United Kingdom leaving the European Union, and the ongoing 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.

## 4. 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 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 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 in 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.

## 5. 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 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.

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 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.

## 6. 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.



## 7. 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.

## 8. 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 in the period in which it is incurred. The university has a planned maintenance programme, which is reviewed annually.

## 9. 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.

## 10. Intangible assets

### Software licences and implementation costs

Software, licences, and their associated implementation costs, costing less than £50k 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.

## 11. 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 5 years, or more frequently where there is evidence of impairment, such that the market value is not materially different to the current value.

### 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 £50,000 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 – five 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 sale plus costs incurred in the sale.

### 12. 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 £50,000, 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.

### 13. 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, 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.

### 14. 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 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.

### 15. 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 3 months.

### 16. 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.

### 17. 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.

## 18. 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.

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 2022

	Note	Consolidated		University	
		2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Income</b>					
Tuition fees and education contracts	1	610,493	505,453	610,493	505,453
Funding body grants	2	138,971	145,523	138,971	145,523
Research grants and contracts	3	221,164	187,893	221,164	187,893
Other income	4	162,788	141,324	162,842	142,817
Investment income	6	4,626	3,753	4,626	3,753
Total income before donations and endowments		1,138,042	983,946	1,138,096	985,439
Donations and endowments	7	11,209	16,591	11,209	16,591
Total income		1,149,251	1,000,537	1,149,305	1,002,030
<b>Expenditure</b>					
Staff costs	8	(624,351)	(555,481)	(616,585)	(551,006)
Staff costs – movement on USS pension provision	8, 23	(289,559)	(3,880)	(289,559)	(3,880)
Other operating expenses	12	(406,164)	(330,046)	(414,033)	(336,071)
Depreciation and amortisation	14, 15	(59,232)	(58,339)	(59,250)	(58,344)
Interest and other finance costs	11	(17,334)	(16,376)	(17,334)	(16,376)
Total expenditure	12	(1,396,640)	(964,122)	(1,396,761)	(965,677)
<b>Surplus/(deficit) before other gains and losses</b>		(247,389)	36,415	(247,456)	36,353
Gain on disposal of fixed assets	17	11,128	–	11,128	–
Gain/(loss) on endowment investments	18, 26	(8,617)	46,149	(8,617)	46,149
Gain/(loss) on property investment	17	46	(1,063)	46	(1,063)
<b>Surplus/(deficit) before tax</b>		(244,832)	81,501	(244,899)	81,439
Taxation	13	(4)	(1)	–	–
<b>Surplus/(deficit) and Total comprehensive income for the year</b>		(244,836)	81,500	(244,899)	81,439
<b>Represented by:</b>					
Endowment comprehensive income for the year	26	(9,506)	48,336	(9,506)	48,336
Restricted comprehensive income for the year	25	3,471	1,685	3,471	1,685
Unrestricted comprehensive income for the year	27	(238,801)	31,479	(238,864)	31,418
		(244,836)	81,500	(244,899)	81,439

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 2021–22 would have been £244,836k (2021–22 £81,500k).

The notes from page 48 onwards form part of the financial statements.

# Consolidated and university statement of changes in reserves

For the year ended 31 July 2022

	Income and expenditure account			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
<b>Consolidated</b>					
<b>Balance at 1 August 2020</b>	252,264	3,756	665,310	484,321	1,405,651
Surplus/(deficit) for the year	48,336	1,685	31,479	–	81,500
<b>Total comprehensive income for the year</b>	48,336	1,685	31,479	–	81,500
Reserves transfer	–	(700)	700	–	–
<b>Balance at 1 August 2021</b>	300,600	4,741	697,489	484,321	1,487,151
Surplus/(deficit) for the year	(9,506)	3,471	(238,801)	–	(244,836)
<b>Total comprehensive income for the year</b>	(9,506)	3,471	(238,801)	–	(244,836)
Reserve transfer	–	3,713	(3,713)	–	–
<b>Balance at 31 July 2022</b>	291,094	11,925	454,975	484,321	1,242,315
	Income and expenditure account			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
<b>University</b>					
<b>Balance at 1 August 2020</b>	252,264	3,756	667,464	484,321	1,407,805
Surplus/(deficit) for the year	48,336	1,685	31,418	–	81,439
<b>Total comprehensive income for the year</b>	48,336	1,685	31,418	–	81,439
Reserve transfer	–	(700)	700	–	–
<b>Balance at 1 August 2021</b>	300,600	4,741	699,582	484,321	1,489,244
Surplus/(deficit) for the year	(9,506)	3,471	(238,864)	–	(244,899)
<b>Total comprehensive income for the year</b>	(9,506)	3,471	(238,864)	–	(244,899)
Reserve transfer	–	3,713	(3,713)	–	–
<b>Balance at 31 July 2022</b>	291,094	11,925	457,005	484,321	1,244,345

# Consolidated and university balance sheets

As at 31 July 2022

	Note	Consolidated		University	
		2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Non-current assets</b>					
Intangible assets	14	39,200	39,783	39,200	39,783
Tangible assets	15	1,573,065	1,484,076	1,574,997	1,486,026
Investments	17	63,945	64,649	63,945	64,649
Endowment investments	18	291,094	300,600	291,094	300,600
Investment in joint venture	17	1,632	432	1,632	432
		<u>1,968,936</u>	<u>1,889,540</u>	<u>1,970,868</u>	<u>1,891,490</u>
<b>Current assets</b>					
Trade and other debtors due within 1 year	19	151,882	155,896	151,898	155,920
Cash and cash equivalents		379,265	377,811	377,293	376,165
		<u>531,147</u>	<u>533,707</u>	<u>529,191</u>	<u>532,085</u>
<b>Less: creditors: amounts falling due within one year</b>	20	(423,811)	(403,661)	(421,757)	(401,896)
<b>Net current assets/(liabilities)</b>		<u>107,336</u>	<u>130,046</u>	<u>107,434</u>	<u>130,189</u>
Total assets less current liabilities		<u>2,076,272</u>	<u>2,019,586</u>	<u>2,078,303</u>	<u>2,021,679</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(424,000)	(406,255)	(424,000)	(406,255)
<b>Provisions</b>					
Pension provisions	23	(405,304)	(121,527)	(405,304)	(121,527)
Other provisions	24	(4,653)	(4,653)	(4,653)	(4,653)
<b>Total net assets</b>		<u>1,242,315</u>	<u>1,487,151</u>	<u>1,244,345</u>	<u>1,489,244</u>
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	26	291,094	300,600	291,094	300,600
Income and expenditure reserve – restricted reserve	25	11,925	4,741	11,925	4,741
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted	27	454,975	697,489	457,005	699,582
Revaluation reserve		484,321	484,321	484,321	484,321
<b>Total reserves</b>		<u>1,242,315</u>	<u>1,487,151</u>	<u>1,244,345</u>	<u>1,489,244</u>

The financial statements on pages 44 to 74 were approved by the Council on 22 November 2022 and signed on its behalf by:

**The Rt Hon the Lord Christopher 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 2022

	<i>Note</i>	<b>2021-22</b> £000	<b>2020-21</b> £000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		(244,836)	81,500
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation	14, 15	59,232	58,339
(Gain)/Loss on property investment	17	(46)	1,063
(Gain)/Loss on endowment investments	18	8,617	(46,149)
(Increase)/Decrease in debtors		4,014	(8,505)
Increase/(Decrease) in creditors (excluding debt repayable within one year)		21,950	48,362
(Decrease) in lease premium on development property		(870)	(869)
Write down in value of investments	17	800	800
Increase/(Decrease) in pension provisions	23	282,696	(1,407)
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(4,626)	(3,753)
Interest payable	11	17,334	16,376
Endowment income	7	(3,844)	(6,800)
(Gain)/loss on sale of shares in spin-out	17	(11,128)	–
Brought forward asset under construction balances written-off and fixed asset impairments		22,153	550
Capital grant income	2, 7	(15,606)	(18,580)
<b>Net cash inflow from operating activities</b>		<b>135,840</b>	<b>120,927</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of endowment asset investments	18	14,605	41,592
Capital grants receipts	2, 7	15,606	18,580
Investment income	6	4,626	3,753
Payments made to acquire fixed assets		(169,792)	(62,630)
Change in non-current asset investments	17	(50)	(24)
New non-current endowment asset investments	18	(16,109)	(43,358)
Endowment asset investments change in cash balances	18	2,393	(421)
Proceeds from sale of shares in spin-out	17	11,128	–
Investment in joint venture		(1,200)	(432)
		<b>(138,793)</b>	<b>(42,940)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(15,722)	(14,108)
Interest element of finance lease payments		(231)	(1,432)
Endowment cash received	7	3,844	6,800
Repayments of amounts borrowed		(2,829)	(2,003)
Capital element of finance lease payments		(655)	(2,010)
New loans		20,000	105,000
		<b>4,407</b>	<b>92,247</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,454</b>	<b>170,234</b>
Cash and cash equivalents at beginning of the year		377,811	207,577
Cash and cash equivalents at end of the year		379,265	377,811
<b>Change in cash and cash equivalents in the year</b>		<b>1,454</b>	<b>170,234</b>

# Notes to the accounts

For the year ended 31 July 2022

## 1. Tuition fees and education contracts

	Consolidated and university	
	2021-22 £000	2020-21 £000
Full-time students charged home fees	175,286	179,005
Full-time students charged overseas fees	335,353	240,553
NHS contracted student fees	9,045	8,379
Part-time fees	38,018	33,626
Special and short course fees	38,444	30,954
Research Studentship and support grants	14,347	12,936
	<b>610,493</b>	<b>505,453</b>

## 2. Funding body grants

	Consolidated and university	
	2021-22 £000	2020-21 £000
Funding body teaching grants	36,388	39,244
Funding body research grants	75,359	77,149
Other funding body grants	11,618	10,691
Funding body capital grants	15,606	18,439
	<b>138,971</b>	<b>145,523</b>

## 3. Research grants and contracts

	Consolidated and university	
	2021-22 £000	2020-21 £000
Research Councils	61,255	48,157
UK central government, local authorities, health and hospital authorities	42,022	36,451
UK industry, commerce and public corporations	17,922	12,079
UK charitable bodies	56,618	53,344
EU government	18,537	16,850
EU Charities, Industry and Other	4,278	3,662
Overseas non EU	18,291	15,783
Other UK Sources	2,230	1,554
Other	11	13
	<b>221,164</b>	<b>187,893</b>

## 4. Other income

	Consolidated		University	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Academic departments costs reimbursed by NHS	15,192	13,929	15,192	13,929
Clinical excellence awards reimbursed by NHS	6,638	7,043	6,638	7,043
Residences, catering and conferences	57,457	21,549	57,457	21,549
Services rendered to NHS and related bodies	21,959	20,346	21,959	20,346
Gift aid payments from subsidiaries	–	–	152	168
Consultancy	19,788	29,764	19,745	31,158
Royalties	1,625	1,721	1,625	1,721
Commercial rental income	7,815	8,132	7,815	8,132
Other income	32,314	38,840	32,259	38,771
	<b>162,788</b>	<b>141,324</b>	<b>162,842</b>	<b>142,817</b>



## 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	
	2021-22 £000	2020-21 £000
Grant income from the OfS	112,151	120,027
Grant income from other bodies	88,151	73,652
Fee income for research awards (exclusive of VAT)	14,368	12,937
Fee income from non-qualifying courses (exclusive of VAT)	38,466	30,954
Fee income for taught awards (exclusive of VAT)	557,681	461,562
	<b>810,817</b>	<b>699,132</b>

## 6. Investment income

	Consolidated		University	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Income on restricted permanent endowments (note 26)	1,815	1,668	1,815	1,668
Income on restricted expendable endowments (note 26)	610	576	610	576
Other interest receivable	1,393	1,103	1,393	1,103
Other investment income	808	406	808	406
	<b>4,626</b>	<b>3,753</b>	<b>4,626</b>	<b>3,753</b>

## 7. Donations and endowments

	Consolidated and university	
	2021-22 £000	2020-21 £000
Capital grants	–	141
New endowments (note 26)	3,844	6,800
Donations with restrictions	4,375	6,475
Unrestricted donations	2,990	3,175
	<b>11,209</b>	<b>16,591</b>

## 8. Staff

	Consolidated		University	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Staff costs:</b>				
Staff costs:				
Wages and salaries	456,746	416,003	449,168	410,140
Redundancy payments	2,463	2,487	2,463	2,487
Social security costs	60,189	44,874	59,358	44,209
Pension contributions relating to current year service (note 30)	72,726	66,767	72,234	66,359
Permanently employed	592,124	530,131	583,223	523,195
Agency and contract staff costs	32,227	25,350	33,362	27,811
Staff costs (excluding pension provision)	<b>624,351</b>	<b>555,481</b>	<b>616,585</b>	<b>551,006</b>
Movement on USS pension provision	289,559	3,880	289,559	3,880
Staff costs	<b>913,910</b>	<b>559,361</b>	<b>906,144</b>	<b>554,886</b>

## 8. Staff costs (continued)

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 260 individuals as compensation for loss of office during 2021–22 (2020–21 274 individuals).

	2021–22	2020–21
<b>Average number of directly employed staff, expressed as full-time equivalents:</b>		
Academic/clinical, including research contract staff	4,511	4,246
Administrative and related staff	3,015	2,810
Technical	431	433
Cleaning and security	380	365
Other	127	141
	<b>8,464</b>	<b>7,995</b>

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 2020–21 does not include the President & Principal as there was no single postholder during the year.

	2021–22 Total Full-time equivalent	2020–21 Total Full-time equivalent		2022–21 Total Full-time equivalent	2020–21 Total Full-time equivalent
£100,000–£104,999	63.0	64.0	£175,000–£179,999	2.0	1.5
£105,000–£109,999	42.9	38.9	£180,000–£184,999	–	2.1
£110,000–£114,999	62.7	46.7	£185,000–£189,999	1.7	1.0
£115,000–£119,999	16.4	23.1	£190,000–£194,999	3.0	1.9
£120,000–£124,999	16.9	13.1	£195,000–£199,999	1.0	2.0
£125,000–£129,999	9.9	9.9	£200,000–£204,999	2.0	–
£130,000–£134,999	6.3	10.9	£205,000–£209,999	–	–
£135,000–£139,999	12.1	3.7	£210,000–£214,999	1.0	1.0
£140,000–£144,999	6.1	7.8	£215,000–£219,999	1.0	1.8
£145,000–£149,999	8.3	7.3	£220,000–£224,999	0.8	0.3
£150,000–£154,999	7.2	4.9	£225,000–£229,999	0.3	–
£155,000–£159,999	2.5	1.6	£230,000–£234,999	0.8	0.8
£160,000–£164,999	2.9	6.1	£295,000–£299,999	1.0	–
£165,000–£169,999	5.3	5.8	£380,000–£384,999	–	0.4
£170,000–£174,999	5.7	2.9	£385,000–£389,999	0.4	–
				<b>283.2</b>	<b>259.5</b>

The accounts included a total amount of £214k in severance payments (including the cost of additional pension benefits purchased by the university) made to six higher-paid employee in 2021–22, the equivalent payments made in 2020–21 were £207k made to five higher-paid employees.

	2021–22 Number of roles	2021–22 £000	2020–21 Number of roles	2020–21 £000
<b>Key management personnel remuneration</b>	<b>10</b>	<b>2,532</b>	<b>11</b>	<b>2,277</b>

Key Management Personnel comprises the Senior Officers of the university ([kcl.ac.uk/aboutkings/principal/seniorofficers/](http://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. The comparative amount for the financial year 2019–20 was £2,424k.

## 8. Staff costs (continued)

	2021-22 £000	2020-21 £000
<b>Emoluments of the President &amp; Principal:</b>		
<b>Professor Sir Edward Byrne – 1 August 2020 to 31 January 2021</b>		
Salary	–	149
Salary waived ( <i>representing salary offered but forgone from £350k to £250k per annum across the six months</i> )	–	50
Accommodation	–	21
	–	220
Pension scheme contributions	–	25
	–	245
<b>Professor Evelyn Welch (Interim) – 1 February 2021 to 31 May 2021</b>		
Salary	–	98
Pension scheme contributions	–	15
	–	113
<b>Professor Shitij Kapur from 1 June 2021</b>		
Salary	296	49
Accommodation	40	5
	336	54
Pension scheme contributions	63	10
	399	64
<b>Total emoluments for all holders of the role of President &amp; Principal in-year</b>		
Salary	296	296
Salary waived ( <i>representing salary offered but forgone</i> )	–	50
Accommodation	40	26
	336	372
Pension scheme contributions	63	50
<b>Total emoluments of the President &amp; Principal</b>	<b>399</b>	<b>422</b>

**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:** President & Principal Professor Shitij Kapur took office in June 2021. He is an academic psychiatrist, a neuroscientist and a highly skilled and experienced senior academic leader. Professor Kapur was previously the Dean and Assistant Vice Chancellor for Health at the University of Melbourne. Prior to taking up the role in Melbourne he was Executive Dean of King's Institute of Psychiatry, Psychology & Neuroscience. Thus, he has brought not only international experience at a distinguished institution of considerable scale, but direct experience of King's, both of which will continue to stand the university in good stead in the years to come. In the course of his first year, he has engaged in a comprehensive review and refreshing of the university's key strategic goals and objectives. He has also focused attention on maintaining the College's high international standing in both education and research as it came out of the covid crisis, with particular concern for the ongoing wellbeing of staff and students. Under the leadership of Professor Kapur, significant capital developments are under way that will increase the College's research capacity, and therefore its impact on society, including the Centre for Young People's Mental Health, the London Institute of Health Engineering, and the development of the Strand campus facilities for natural science and engineering (the Quad), which are progressing to completion.

King's student body has continued to grow and diversify, at undergraduate and postgraduate levels, both in terms of the number of international students and BAME representation (King's student body is now 51 per cent BAME). King's continues to be well represented in global league tables and maintained its high standing in research in the recent Research Excellence Framework (REF) exercise, particularly with respect to research impact.

## 8. Staff costs (continued)

Performance review process: Professor Kapur'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. The annual performance review is based on progress toward a set of key performance indicators mutually agreed at the beginning of each academic year.

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

	2021-22		2020-21	
	Professor Shitij Kapur	Professor Shitij Kapur	Professor Evelyn Welch (Interim)	Professor Sir Edward Byrne
President & Principal base pay multiple of median base pay	8.1	7.8	7.8	9.2
President & Principal total pay multiple of median total pay	8.9	8.8	7.7	10.1

With a return to full on campus teaching and research activity, staffing levels have increased, particularly in part-time support roles, which has had the effect of reducing the median pay level, even whilst the mean cost of each staff FTE has increased. This has increased the ratio of the President & Principal's pay to median pay even though the President & Principal's pay has stayed the same year on year.

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. The calculation of the medians includes staff employed through King's Talent Bank Ltd, a wholly owned subsidiary of the university.

**Methodology:** Full time equivalent (FTE) pay is calculated by summing relevant pay types and the percentage of FTE worked over the year (August 2021 to July 2022) and pro-rating up to 100 per cent 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.

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			
	2021-22 £000	Of which staff costs (note 8)	2020-21 £000	Of which staff costs (note 8)
Access Investment	2,698	1,421	2,377	1,248
Financial Support	10,109	–	8,961	–
Disability Support	840	783	751	696
Research and Evaluation	242	218	235	190
	13,889	2,422	12,324	2,134

At King's we are committed to supporting students to access a King's education regardless of background, to succeed while they are with us and progress to the best outcomes. It is a core part of our mission to deliver social mobility and of Strategy 2026.

Three objectives have formed the basis of our Widening Participation Strategy from 2018-23: working with schools and partners to improve attainment, to support families and communities around learners, and to improve outcomes for the most vulnerable priority groups of learners. Underpinning this is targeted financial support, a focus on students' transition into university and getting on in their studies and rigorous, appropriately resourced research and evaluation to establish what works. Through this we have delivered on our commitments to the Office for Students and exceeded most of our targets.

### Widening participation and fair access

We invested £2,698k in activity to address educational disadvantage and to increase fair access to King's. While still shifting delivery to respond to the repercussions of the pandemic, we moved between digital and online provision and a return to live in-person delivery. As a result we were able to be flexible and adaptive, taking into account the needs of learners, schools and families, while also launching a series of new pilots.

We increased our digital provision, retaining what worked and had most impact for learners during the height of the pandemic, and broadened this further. We continued to offer devices to those students who could not otherwise access our programmes. We also maintained our text messaging campaign to provide families with timely and relevant information, advice and guidance. We returned to limited in-person delivery of King's Scholars, our flagship Key Stage 3 programme, given the needs of our school partners.

## 9. Access and participation (continued)

We ran our Key Stage 4 tutoring in-person, with early evaluation suggesting a demonstrable impact in increasing students' Maths and English GCSE grades. We also welcomed our post-16 programmes back to campus, delivering K+ over two years including the flagship summer school along with partner activity with the Sutton Trust and The Brilliant Club.

As part of our strategy objectives we launched several new projects, including Kent To King's (expanding our regional outreach), Pride Power (providing support for LGBTQ+ young people) and new branches of Parent Power expanding in other regions.

As a result we have seen an increase in applications, offers and enrolments to King's of our target students from disadvantaged backgrounds or individuals and groups underrepresented in higher education.

### Financial support

We invested £10,109k in financial support in 2021–22. As a result of the pandemic, financial support became even more critical, with a disproportionate impact on students and their families from less well-off backgrounds. As a result, the number of students eligible for receiving at least one of our bursaries increased significantly, alongside an increased provision of hardship funds. Following a listening campaign we established that students may be more likely to need support purchasing devices to access learning, and may need to work more hours outside of their studies. The King's Living Bursary, Access To Professions Bursary and Care Experienced and Estranged Students Bursary all increased in awards made. Alongside this we continued to provide our donation-funded Sanctuary Scholarships for forced migrants and displaced students, including those displaced by the war in Ukraine.

### Disability support

We invested £840k in support for disabled students. According to the Office for Students dashboard which reports on Access & Participation Plan performance, 17.2 per cent of our UK Undergraduate population reported a disability in 2021–22. In terms of type of disability, the highest proportion was students reporting a mental health condition, which was 6.8 per cent. This is also the largest increase in the past five years (by 2pp). We have invested in new counselling and mental health support, including access to 24-hour counselling services.

### Research & Evaluation

We invested £242k on research and evaluation of access and participation activity across the student lifecycle in 2021–22. This was delivered by the What Works unit within the Social Mobility & Student Success department. The team supported colleagues across Social Mobility & Widening Participation, Student Transition & Outcomes and other departments to build the evidence base for activity, develop research protocols and Theories of Change and to carry out evaluation. They also conducted research into the student experience and trialled interventions to improve student engagement, including an institutional pulse survey to gain insights on how students were finding the return to campus and their education experience. In addition to this, What Works researchers and evaluators conducted analysis and reporting on the BAME attainment gap at King's and developed a new mental health and wellbeing survey to establish how students from different backgrounds were dealing with these crucial issues.

[kcl.ac.uk/study/undergraduate/how-to-apply/ofs-access-participation-plan](https://kcl.ac.uk/study/undergraduate/how-to-apply/ofs-access-participation-plan)

## 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 £2,179 to or on behalf of one member (2021 – one, £675) in respect of their Council duties.

## 11. Interest and other finance costs

	Consolidated and university	
	2021–22 £000	2020–21 £000
Bank and other loans wholly repayable within five years	270	412
Loans not wholly repayable within five years	15,751	13,665
Finance leases	231	1,397
Net charge on pension schemes	1,082	902
	<b>17,334</b>	<b>16,376</b>

## 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	
					2021-22	2020-21	2021-22	2020-21
					£000	£000	£000	£000
Academic departments	346,160	73,799	2,658	–	422,617	379,577	422,617	379,576
Academic services	45,691	47,054	9,957	–	102,702	62,534	102,701	62,532
Central administration and services	48,371	31,144	–	–	79,515	69,137	79,635	70,693
General education expenditure	14,784	50,888	125	–	65,797	50,172	65,797	50,173
Staff and student facilities	14,295	16,961	931	–	32,187	34,794	32,187	34,794
Premises	34,222	82,113	38,565	–	154,900	147,452	154,901	147,452
Residence and catering operations	8,283	51,542	1,479	5,005	66,309	58,946	66,309	58,946
Research grants and contracts	119,345	47,149	5,517	–	172,011	156,041	172,011	156,041
Pension provision costs	282,696	–	–	1,082	283,778	(504)	283,778	(504)
Other costs	63	5,514	–	11,247	16,824	5,973	16,825	5,973
<b>Total expenditure</b>	<b>913,910</b>	<b>406,164</b>	<b>59,232</b>	<b>17,334</b>	<b>1,396,640</b>	<b>964,122</b>	<b>1,396,761</b>	<b>965,676</b>

## 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	
					2021-22	2020-21	2021-22	2020-21
					£000	£000	£000	£000
Academic departments – costs reimbursed by NHS	14,757	1	–	–	14,758	13,885	14,758	13,885
Academic departments – clinical excellence awards	6,578	–	–	–	6,578	6,929	6,578	6,929
Academic departments – services rendered to NHS	7,133	7,511	14	–	14,658	13,651	14,658	13,651
Central administration and services	447	–	–	–	447	177	447	177
	<b>28,915</b>	<b>7,512</b>	<b>14</b>	<b>–</b>	<b>36,441</b>	<b>34,642</b>	<b>36,441</b>	<b>34,642</b>

## 12. Analysis of total expenditure by activity (continued)

Auditor's remuneration	Consolidated and university	
	2021-22 £000	2020-21 £000
External auditors' remuneration in respect of audit services:		
University financial statements	89	83
Subsidiary financial statements	14	12
US GAAP financial statements	50	–
US Loans and NCTL certifications	15	14
	<b>168</b>	<b>109</b>
External auditors' remuneration in respect of non-audit services:		
Corporation and other Tax	43	33
Total remuneration paid to external auditors	<b>211</b>	<b>142</b>
	Consolidated	
	2021-22 £000	2020-21 £000
Other operating expenses include:		
Operating lease rentals:		
• land and buildings	64,113	64,231
• other	20	20

## 13. Taxation

	Consolidated		University	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Current tax				
Current tax expense	4	1	–	–
Total Tax Expense	<b>4</b>	<b>4</b>	<b>–</b>	<b>–</b>
Factors effecting the tax charge				
Surplus before taxation	(244,832)	81,501	(244,899)	81,439
UK corporation tax at 19%	(46,518)	15,485	(46,531)	15,473
Surplus falling within charitable exemption	46,518	(15,484)	46,531	(15,473)
Other differences attributable to subsidiaries	4	–	–	–
Total Tax Expense	<b>4</b>	<b>1</b>	<b>–</b>	<b>–</b>

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		IT Systems £000	Assets in the course of construction £000	Total £000
<b>Cost</b>				
At 1 August 2021		32,789	14,957	47,746
Transfers		4,796	(2,758)	2,038
Additions		354	3,865	4,219
Disposals		(129)	(180)	(309)
At 31 July 2022		37,810	15,884	53,694
<b>Amortisation</b>				
At 1 August 2021		(7,963)	–	(7,963)
Charge for the year		(6,574)	–	(6,574)
Eliminated on disposals		43	–	43
At 31 July 2022		(14,494)	–	(14,494)
<b>Net book value</b>				
At 31 July 2021		24,826	14,957	39,783
At 31 July 2022		23,316	15,884	39,200

## 15. Tangible assets

Consolidated	Freehold		Leasehold Land and buildings £000	Plant £000	Furniture and equipment £000	Leased equipment £000	Assets in the course of construction £000	Total £000
	Land £000	Buildings £000						
<b>Cost</b>								
At 1 August 2021	520,711	374,562	576,334	214,676	212,620	21,733	93,351	2,013,987
Additions	56,686	45,852	2,142	1,363	9,208	–	50,322	165,573
Transfers	585	–	14,037	16,127	8,088	–	(40,875)	(2,038)
Disposals	–	–	(5)	–	–	–	(1,883)	(1,888)
At 31 July 2022	577,982	420,414	592,508	232,166	229,916	21,733	100,915	2,175,634
<b>Depreciation</b>								
At 1 August 2021	–	(107,540)	(149,557)	(75,241)	(175,840)	(21,733)	–	(529,911)
Charge for year	–	(6,331)	(13,272)	(14,710)	(18,345)	–	–	(52,658)
Impairment	–	(20,000)	–	–	–	–	–	(20,000)
At 31 July 2022	–	(133,871)	(162,829)	(89,951)	(194,185)	(21,733)	–	(602,569)
<b>Net book value</b>								
At 1 August 2021	520,711	267,022	426,777	139,435	36,780	–	93,351	1,484,076
At 31 July 2022	577,982	286,543	429,679	142,215	35,731	–	100,915	1,573,065



## 15. Tangible assets (continued)

University	Freehold		Leasehold Land and buildings £000	Plant £000	Furniture and equipment £000	Leased equipment £000	Assets in the course of construction £000	Total £000
	Land £000	Buildings £000						
<b>Cost</b>								
At 1 August 2021	520,711	375,635	577,305	204,303	219,874	21,733	96,033	2,015,594
Additions	56,686	45,852	2,142	1,363	9,208	–	50,322	165,573
Transfers	585	–	14,037	26,353	544	–	(43,557)	(2,038)
Disposals	–	–	(5)	–	–	–	(1,883)	(1,888)
At 31 July 2022	577,982	421,487	593,479	232,019	229,626	21,733	100,915	2,177,241
<b>Depreciation</b>								
At 1 August 2021	–	(107,602)	(149,616)	(75,075)	(175,542)	(21,733)	–	(529,568)
Charge for year	–	(6,352)	(13,292)	(14,689)	(18,343)	–	–	(52,676)
Impairment	–	(20,000)	–	–	–	–	–	(20,000)
At 31 July 2022	–	(133,954)	(162,908)	(89,764)	(193,885)	(21,733)	–	(602,244)
<b>Net book value</b>								
At 1 August 2021	520,711	268,033	427,689	129,228	44,332	–	96,033	1,486,026
At 31 July 2022	577,982	287,533	430,571	142,255	35,741	–	100,915	1,574,997

"In 2019-20 the university adopted a policy of revaluing freehold land to fair value. The university believes that the fair value better reflects the true value of the university's freehold land assets.

Freehold land was revalued to fair value as at 31 July 2022 by an independent Chartered Surveyor, Gerald Eve, in accordance with the RICS Valuation – Global Standards (January 2020 edition, updated January 2022) and FRS 102. The fair value of land is based on either open market value (operational assets) or depreciated replacement cost (specialised assets). Freehold land values are assessed annually for material changes in their values from market changes.

If a revaluation policy had not been adopted for freehold land it would have a net book value of £93,661k.

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 £53,193k (2021: £55,025k).

## 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.

## 16. Heritage assets (continued)

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](http://kcl.ac.uk)

No heritage assets were capitalised during the year as none exceeded the capitalisation threshold of £50,000. 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 2022 £000	Total 2021 £000
At 1 August	27,168	36,000	1,481	64,649	66,488
Additions	–	–	50	50	24
Gain/(impairment)	46	(800)	–	(754)	(1,863)
At 31 July	27,214	35,200	1,531	63,945	64,649

During the year there was a sale of shares in a spin-out for the sum of £11,128k. This was held at £nil net book value, thus it is not included above.

### 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 (2020–21 £4).

## 17. Investments (continued)

### Joint ventures

	KHP MedTech Innovations Ltd £000	TEDI-London £000	Consolidated and university	
			Total 2022 £000	Total 2021 £000
At 1 August	432	–	432	–
Additions	1,200	–	1,200	432
At 31 July	1,632	–	1,632	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. TEDI-London accepted its first cohort of students in 2021–22, however 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 KHP MedTech Innovations Ltd first year end (31 March 2022), it had incurred a small loss not material to King's College London as it is still in its start-up phase, for this reason the investment continues to be held at the initial investment value rather than the university's share of the net assets of the company.

### 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	
	2021-22 £000	2020-21 £000
Balance at 1 August	300,600	252,264
Additions	16,109	43,358
Disposals	(14,605)	(41,592)
Appreciation/ (Depreciation)	(8,617)	46,149
Increase/(decrease) in cash balances	(2,393)	421
Balance at 31 July	291,094	300,600
Fixed interest stocks	23,524	17,070
Equities	247,286	260,853
Bank balances	20,284	22,677
	291,094	300,600
Fixed interest and equities at cost	204,353	197,479

**19. Trade and other debtors**

	Consolidated		University	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts falling due within one year:				
Trade debtors	23,976	22,799	23,976	22,799
Other debtors	9,215	1,550	9,215	1,553
Research grant debtors	16,629	22,543	16,629	22,543
Research grant work in progress	51,908	62,764	51,907	62,763
Prepayments and accrued income	50,154	46,240	49,321	45,621
Amounts owed by group undertakings	–	–	850	641
	151,882	155,896	151,898	155,920

**20. Creditors: amounts falling due within one year**

	Consolidated		University	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade creditors	5,251	3,201	5,237	3,178
Deferred income	223,362	224,444	222,830	224,444
Other creditors and accruals	162,340	133,273	161,800	132,466
Holiday pay accrual	11,438	15,037	10,988	14,517
Social security and other taxation payable	17,052	21,538	16,534	21,123
Obligations under finance leases less term deposits for repayment (note 22)	–	14,086	–	14,086
Current element of long-term liabilities (note 22)	4,368	5,511	4,368	5,511
Term deposits for loan repayments	–	(13,429)	–	(13,429)
	423,811	403,661	421,757	401,896

Term deposits for loan repayments are investments held specifically for the future repayment of loans. In September 2021 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;

**20. Creditors: amounts falling due within one year** (continued)

	Consolidated		University	
	2022 £000	2021 £000	2022 £000	2021 £000
Research grants received on account	137,179	132,851	137,179	132,851
Other income	40,320	26,937	39,788	26,937
Donations	17,891	16,527	17,891	16,527
Tuition fees	26,847	47,997	26,847	47,997
Other deposits	1,125	132	1,125	132
	<b>223,362</b>	<b>224,444</b>	<b>222,830</b>	<b>224,444</b>

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

	Consolidated and university	
	2022 £000	2021 £000
Loans ( <i>note 22</i> )	407,047	388,432
Long-term borrowings	407,047	388,432
Lease premium on investment property	16,953	17,823
Long-term creditors	<b>424,000</b>	<b>406,255</b>

Loans totalling £27,756k 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	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Obligations under finance leases fall due and loans are repayable as follows:</b>				
Between one and two years	–	–	4,666	6,887
Between two and five years	–	–	17,909	13,693
Total between one and five years	–	–	22,575	20,580
Over five years	–	–	384,472	367,852
Total over one year ( <i>note 21</i> )	–	–	407,047	388,432
Within one year ( <i>note 20</i> )	–	14,086	4,368	5,511
	–	14,086	411,415	393,943
Term deposits for loan repayments	–	(13,429)	–	–
	–	657	411,415	393,943

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 unsecured loan with an integral swap agreement to provide a fixed interest rate of 4.855%, repayable on 16 May 2048.

## 22. Borrowings (continued)

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.

On 16 March 2022, the university issued £20m of senior sustainable notes 2022 with a fixed interest rate of 2.08% due 16 March 2050.

## 23. Pension provisions

	Consolidated and university	
	USS £000	Total £000
Obligation to fund deficit on pension		
At 1 August 2021	121,527	121,527
Deficit contributions paid during the year	(6,863)	(6,863)
Additional discount rate interest charge for the year	1,081	1,081
Movement to reflect changes in salary growth assumptions	289,559	289,559
At 31 July 2022	405,304	405,304

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 3.33% (2021: 0.89%) has been used based upon a Mercer UK corporate bond yield curve. Salary inflation and headcount changes up to 2026-27 are in line with the University's five year financial plans, after this date headcount is assumed to not change and salaries will continue to increase at the same rate as for 2026-27 under the five year financial plan.

The provision has been calculated based upon the adoption of a deficit recovery plan based on the 2020 actuarial valuation (the only agreed valuation and deficit recovery plan as at the balance sheet date), which has significantly increased the technical deficit on the scheme.

The deficit recovery plan requires employer contributions of 6.2% over the period 1 April 2022 to 1 April 2024, at which point the rate will increase to 6.3%.

### Sensitivity analysis

Change in assumptions at 31 July 2022	Approximate increase/ (decrease) in provision £m	
	+0.5%	-0.5%
Discount rate	(16.9)	17.9
Long-term salary inflation	17.4	(16.6)
Long-term head count increase	18.1	(17.2)

## 24. Other provisions

	Consolidated and university	
	Leasehold dilapidations	
	£000	
At 1 August 2021		4,653
Utilised in year		–
Transferred from Income and Expenditure Account during the year		–
At 31 July 2022		4,653

As explained in the Statement of Principal Accounting Policies, 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	
	2022 Total £000	2021 Total £000
At 1 August	4,741	3,756
Income	19,196	15,817
Expenditure	(15,725)	(14,132)
Net restricted income for the year	3,471	1,685
Transfer from/(to) unrestricted reserves	3,713	(700)
At 31 July	11,925	4,741

## 26. Endowment reserves

	Consolidated and university					
	Restricted permanent			Restricted expendible Total £000	2021-22 Total £000	2020-21 Total £000
	Original gift £000	Unapplied total return £000	Total £000			
Capital at 1 August	85,040	178,345	263,385	37,215	300,600	252,264
New donations and endowments	3,596	–	3,596	248	3,844	6,800
Change in market value of endowment investments	–	(7,560)	(7,560)	(1,057)	(8,617)	46,149
Investment income	–	1,815	1,815	610	2,425	2,244
Expenditure	–	(4,922)	(4,922)	(2,236)	(7,158)	(6,857)
At 31 July	88,636	167,678	256,314	34,780	291,094	300,600
Represented by:						
Capital	88,636	152,420	241,056	33,423	274,479	285,169
Accumulated income	–	15,258	15,258	1,357	16,615	15,431
	88,636	167,678	256,314	34,780	291,094	300,600

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.

**26. Endowment reserves (continued)**

	At 1 August 2021 £000	Additions and transfers £000	Change in market value £000	Total return income £000	Expenditure £000	At 31 July 2022 £000
<b>Funds with a balance under £5,000,000</b>						
Chairs and lectureships (180 funds)	144,229	3,569	(7,707)	4,940	(5,012)	140,019
Scholarships (163 funds)	37,243	258	(2,029)	1,164	(307)	36,329
Other funds (68 funds)	22,190	–	(1,219)	1,061	(162)	21,870
Prize funds (260 funds)	13,296	17	(724)	397	(22)	12,964
<b>Funds with a balance over £5,000,000</b>						
Newland-Pedley General Fund	24,110	–	(1,317)	722	(591)	22,924
Dimbleby Endowment Fund	12,342	–	(681)	373	(276)	11,758
Lau China Institute Donation	13,726	–	(763)	418	(348)	13,033
Yeoh Tiong Lay Centre Donation	8,975	–	(509)	279	(279)	8,466
Richard Dickinson USA Fund	7,997	–	(442)	243	(4)	7,794
Sackler Chair Endowment Fund	5,911	–	(299)	164	(34)	5,742
Herbert Dunhill Chair of Rehabilitation	5,404	–	(295)	161	(123)	5,147
Lacey Travelling Bursaries	5,177	–	(286)	157	–	5,048
Total return from capital gains	–	–	7,654	(7,654)	–	–
	300,600	3,844	(8,617)	2,425	(7,158)	291,094

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 Sackler Chair supports a post in Translational Neurodevelopment.

The Herbert Dunhill Chair supports a post in rehabilitation.

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

**27. Unrestricted reserves**

	Consolidated £000	University £000
Balance at 1 August 2021	697,489	699,582
Surplus after depreciation of assets at cost and tax	(238,801)	(238,864)
Transfer from restricted reserves	(3,713)	(3,713)
Balance at 31 July 2022	454,975	457,005
<b>The reserves are:</b>		
Income and expenditure reserve, which is nominally allocated to:		
Capital reserve	664,744	666,676
Departmental reserves	83,027	83,027
Pension reserve	(405,304)	(405,304)
Revenue reserve	112,508	112,606
General reserves	(209,769)	(209,671)
Total income and expenditure reserve	454,975	457,005

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**

	<b>2021-22</b>	
	£000	
Net debt 1 August 2021	16,789	
Movement in cash and cash equivalents	(1,454)	
Movement on accrued interest	182	
Repayment of amounts borrowed	(3,484)	
New loans	20,000	
Other non-cash changes	117	
Net debt 31 July 2022	32,150	
Change in net debt	15,361	
<b>Analysis of net debt</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
	£000	£000
Cash and cash equivalents	379,265	377,811
<b>Borrowings: amounts falling due within one year</b>		
Secured loans	3,337	3,329
Unsecured loans	1,031	2,182
Obligations under finance leases	–	14,086
Term deposit	–	(13,429)
	4,368	6,168
<b>Borrowings: amounts falling due after more than one year</b>		
Secured loans	24,421	35,623
Unsecured loans	382,626	352,809
	407,047	388,432
Net debt	32,150	16,789

A debt repayment fund of £17.7m 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**

	<b>Consolidated and university</b>	
	<b>2022</b>	<b>2021</b>
	£000	£000
Commitments contracted at 31 July	62,375	21,727
Commitments authorised but not contracted at 31 July	21,100	90,762
	83,475	112,489

### 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	
	2021-22 £000	2020-20 £000	2021-22 £000	2020-20 £000
Contributions to USS	60,967	55,768	60,967	55,768
Contributions to SAUL	13,518	11,684	13,518	11,684
Contributions to NHSPS	4,486	4,439	4,486	4,439
Contributions to other pension schemes	675	177	183	(231)
	79,646	72,068	79,154	71,660
Contributions for funding of deficit relating to prior service	(6,863)	(5,287)	(6,863)	(5,287)
Pension contributions included within capital projects	(57)	(14)	(57)	(14)
Pension contributions included within staff costs	72,726	66,767	72,234	66,359
Movement on pension provision within staff costs	289,559	3,880	289,559	3,880
	362,285	70,647	361,793	70,239

#### 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 currently estimated to be approximately £27.1m.

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

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

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

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles ([www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](http://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)).

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

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

#### 2020 valuation

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

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

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

Contribution rates for the Scheme are as follows:

	Members	Employers
1 April 2019 to 30 September 2021 (2018 scheme valuation)	9.6%	21.1%
1 October 2021 to 30 March 2022 (2020 scheme valuation)	9.8%	21.6%
From 1 April 2022 (2022 scheme valuation)	9.8%	21.4%

These contribution rates changed 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:

- Defined benefit accrual is on a career revalued benefits basis for all members, with a pension accrual of 1/85th and a cash lump sum of 3/85ths of salary for each year of service in respect of salary up to a salary threshold of £40,000 p.a.
- 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 billion and the value of the scheme's technical provisions was £3,829 billion, indicating a shortfall of £217 billion. 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.

Market movements between the valuation date and finalisation of the valuation were positive, and the Trustee and Employers agreed to allow for post-valuation experience up to 30 April 2021 at which point SAUL was estimated to have a technical surplus of £357m, and no deficit funding plan is required.

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 participates in 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: [www.kcl.ac.uk/about/assets/pdf/council/register-of-interests-log.pdf](http://www.kcl.ac.uk/about/assets/pdf/council/register-of-interests-log.pdf)

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 2021-22		Consolidated and university 2020-21	
		Income/ (Expenses) £000	Amount due from/(to) £000	Income/ (Expenses) £000	Amount due from/(to) £000
Church Commissioners	Member of the Council was an employee	114.6	57.5		
Guy's and St Thomas' Foundation (was Guy's and St Thomas' Charity)	Member of the Council was a Trustee	3,622.8 / (593.2)	91.8	4,952.5 / (1,326.3)	422.8
MedCity Ltd	A Senior Officer of the university and Member of Council was a Director	(89.2)	–	(120.0)	–
Russell Group	A Senior Officer of the university and Member of the Council and was a Board Member	(83.0)	–	(80.2)	–
Science Gallery International <sup>1</sup>	A Senior Officer of the university was a Board Member	–	–	(67.6)	–
Somerset House Trust	Member of the Council was a Trustee	7.4 / (1,557.9)	–	5.3 / (1,707.2)	–
University of London	A Senior Officer of the university and Member of the Council was a Trustee	482.2 / (822.0)	71.4	466.2 / (941.9)	–
The Superannuation Arrangements of the University of London (SAUL) <sup>2</sup>	A Senior Officer of the university and Member of Council was a Director	–	–	–	–
King's College London Students' Union (KCLSU) <sup>3</sup>	Member of the Council was President of the Union	–	–	–	–

1. The senior officer resigned from being a Board Member from 1 September 2020.
2. Refer to note 30 for details of annual contributions to the Superannuation Arrangements of the University of London (SAUL).
3. 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 2021–22 the university made an annual block grant payment of £4,890k to the Union (2020–21 £4,250k). The university also provides the union with building space with a notional rental income value of £4,141k for which no cash is exchanged and the university recognises as both rental income and notional grant expenditure (2020–21 £3,637k).

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.

### 31. Related party transactions (continued)

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 £2,507.2k during the year as agreed contributions to overheads, studentships and reimbursement of other costs (£805.2k), and received £577.6k for seconded staff (2020–21 £433.5k). The university recognises an investment balance related to its initial £40m investment in the Institute.

King's Maths School was established as a Free school in partnership with King's College London to provide high quality maths education in the heart of London with the University maintaining a presence on the board of governors. During the year, the university has paid £88k to the School for widening participation (2020–21 £85k) and received £240k for rent, premises recharges and IT services (2020–21 £229k).

TEDI London is a joint venture during the year, the university has paid £1,322.7k as partner funding (2020–21 £2,899k).

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	
	2021–22 £000	2020–21 £000
Balance underspent at 1 August	(29)	83
Funding Council and Department for Education grants Disbursed to students	2,135 (2,068)	4,533 (4,645)
Balance underspent at 31 July	38	(29)

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	
	2021–22 £000	2020–21 £000	2021–22 £000	2020–21 £000
<b>Financial assets</b>				
<i>Financial assets at fair value through Statement of Comprehensive Income</i>				
Listed investments	270,810	277,923	270,810	277,923
<i>Financial assets that are equity instruments measured at cost less impairment</i>				
Other investments	1,531	1,481	1,531	1,481
<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)	399,549	413,917	397,577	398,842
Other debtors	151,882	155,896	151,898	155,920
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Loans	411,415	393,943	411,415	393,943
Finance leases	–	14,086	–	14,086
Trade creditors	5,251	3,201	5,237	3,178
Other creditors	414,192	394,292	412,152	392,550

### 34. Lease obligations

Total rentals payable under operating leases:

	Consolidated and university			
	Land and buildings £000	Other leases £000	2022 Total £000	2021 Total £000
Payable during the year ended 31 July	64,113	20	64,133	64,251
<b>Future minimum lease payments due:</b>				
Not later than one year	59,299	22	59,321	60,237
Later than one year and not later than five years	204,309	88	204,397	220,438
Later than five years	380,230	75	380,305	424,910
Total lease payments due	643,838	185	644,023	705,585

### 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	2021-22 £000	£000	2020-21 £000
	Expendable Net Assets		Expendable Net Assets	
<b>Net Assets without Donor Restrictions</b>				
Balance Sheet – Income and expenditure reserve – unrestricted	454,975		697,489	
Balance Sheet – Revaluation reserve	484,321		484,321	
		939,296		1,181,810
<b>Net assets with donor restrictions</b>				
Balance Sheet – Income and expenditure reserve – endowment reserve	291,094		300,600	
Balance Sheet – Income and expenditure reserve – restricted reserve	11,925		4,741	
		303,019		305,341
<b>Secured and unsecured related party receivable</b>				
Note 31 related party transactions				
Unsecured	221		425	
<b>Unsecured related party receivable</b>		221		425
<b>Property plant and equipment net (includes Construction in progress)</b>				
Minus lease right of use asset	–		(657)	
Balance Sheet – Tangible Assets	1,573,065		1,484,076	
	1,573,065		1,483,419	
Property, plant and equipment – pre-implementation		1,472,150		1,390,068
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		100,915		93,351

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

	Consolidated		Consolidated	
	£000	2021-22 £000	£000	2020-21 £000
	Expendable Net Assets		Expendable Net Assets	
<b>Lease right of use asset</b>				
Asset equal in value to lease right of use liability	–		657	
Lease right of use asset pre-implementation		–		657
Lease right of use asset post-implementation		–		–
<b>Intangible assets</b>				
Balance sheet – Intangible assets		39,200		39,783
<b>Post-employment and pension liabilities</b>				
Balance sheet – Pension Provision		405,304		121,527
<b>Long-term debt for long term purposes</b>				
Note 21 Creditors: Amounts falling due after more than one year – Loans	407,047		388,432	
Note 20 Creditors: Amounts Falling due within one year – Current element of long-term liabilities	4,368		5,511	
	411,415		393,943	
Long-term debt for long term purposes – pre-implementation		411,415		393,943
Long-term debt for long term purposes – post-implementation		–		–
Line of credit for Construction in process		–		–
<b>Lease right-of-use asset liability</b>				
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	–		–	
Note 20 Creditors: Amounts falling due within one year – Obligations under finance leases minus term deposit	–		657	
	–		657	
Pre-implementation right of use leases		–		657
Post-implementation right of use leases		–		–
Annuities with donor restrictions		–		–
<b>Term endowments with donor restrictions</b>				
Note 26 Endowment Reserves – Restricted Expendable		34,780		37,215
<b>Life income funds with donor restrictions</b>				
Balance Sheet – Income and expenditure reserve – restricted reserve		11,925		4,741
<b>Net assets with donor restrictions: restricted in perpetuity</b>				
Note 26 Endowment Reserves – Restricted Permanent		256,314		263,385

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

	Consolidated		Consolidated	
	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	Total Expenses and Losses		Total Expenses and Losses	
<b>Total expenses without donor restrictions</b>				
Education and research expenses;				
• I&E – Staff costs (minus residences, catering and conferencing staff costs as per note 12)	616,068		548,945	
• I&E – Other operating expenditure	406,164		330,046	
• Minus residences, catering and conferencing operating costs – note 12	(51,542)		(40,472)	
• Minus endowment spend – Note 26 Endowment reserves – Expenditure	(7,158)		(6,857)	
• Minus restricted spend – Note 25 Restricted reserves – Expenditure	(15,725)		(14,132)	
Depreciation and amortization – I&E Depreciation	59,232		58,339	
Interest expense – I&E Interest and other finance costs	17,334		16,376	
Auxiliary enterprises;				
I&E – Taxation	4		1	
Note 12 – Residences catering and conference Staff and operating costs	59,825		47,008	
		1,084,202		939,254
<b>Non-Operating and Net Investment (loss)</b>				
Investment return appropriated for spending	–		–	
Other gains(losses) - I&E - Gain/(loss) on other investments	(11,128)		–	
Investments, net of annual spending, gain(loss) – I&E Gain/(loss) on property investment	(46)		(1,063)	
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	289,559		(3,880)	
Change in value of split-interest agreements	–		–	
Other gains (losses) – I&E – Unrealised surplus on revaluation of tangible assets	–		–	
Sales of fixed assets, gains (losses) – I&E – Gain on disposal of fixed assets	–		–	
		278,385		(4,943)
<b>Net investment losses</b>				
Investment return appropriated for spending	–		–	
Other gains(losses) - I&E - Gain/(loss) on other investments	(11,128)		–	
Investments, net of annual spending, gain(loss) – I&E Gain/ (loss) on property investment	(46)		(1,063)	
		(11,174)		(1,063)
<b>Pension-related changes other than net periodic costs</b>				
I&E Staff costs – movement on USS pension provision		289,559		(3,880)



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

	Consolidated		Consolidated	
	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	<b>Modified Net Assets</b>		<b>Modified Net Assets</b>	
<b>Net Assets without Donor Restrictions</b>				
Balance Sheet – Income and expenditure reserve – unrestricted	454,975		697,489	
Balance Sheet – Revaluation reserve	484,321		484,321	
		939,296		1,181,810
<b>Net assets with donor restrictions</b>				
Balance Sheet – Income and expenditure reserve – endowment reserve	291,094		300,600	
Balance Sheet – Income and expenditure reserve – restricted reserve	11,925		4,741	
		303,019		305,341
<b>Intangible assets</b>				
Balance sheet – Intangible assets		39,200		39,783
<b>Secured and unsecured related party receivable</b>				
<i>Note 31 related party transactions</i>				
Unsecured	221		425	
<b>Unsecured related party receivable</b>		221		425
	<b>Modified Assets</b>		<b>Modified Assets</b>	
<b>Total assets</b>				
Balance sheet – Non-current assets	1,968,936		1,889,540	
Balance sheet – Current Assets	531,147		533,707	
		2,500,083		2,423,247
<b>Lease right-of-use asset</b>				
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	–		–	
Note 20 Creditors: Amounts falling due within one year – Obligations under finance leases minus term deposit	–		657	
<b>Pre-implementation right of use leases</b>				657
<b>Post-implementation right of use leases</b>				–
<b>Intangible assets</b>				
Balance sheet – Intangible assets		39,200		39,783
<b>Secured and unsecured related party receivable</b>				
<i>Note 31 related party transactions</i>				
Unsecured	221		425	
<b>Unsecured related party receivable</b>		221		425

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

	Consolidated		Consolidated	
	£000	2021-22 £000	£000	2020-21 £000
<b>Changes in Net Assets Without Donor Restrictions</b>				
I&E – Unrestricted comprehensive income for the year	(238,801)		31,479	
I&E – Revaluation reserve comprehensive income for the year	–		–	
		(238,801)		31,479
<b>Total Revenue and Gains</b>				
Tuition and fees, net – I&E Tuition Fee and education contracts	610,493		505,453	
Contributions;				
Grants and contracts – including research;				
• I&E – Funding Body Grants	138,971		145,523	
• I&E – Research grants and contracts	221,164		187,893	
Private gifts and grants;				
• I&E – Donations and Endowments	11,209		16,591	
• Minus new endowments (Note 7)	(3,844)		(6,800)	
• Minus restricted income (Note 25)	(19,196)		(15,817)	
Other revenues – I&E Other Income (minus auxiliary enterprises income)	105,331		119,775	
Investment income – Note 6 Investment Income – Other interest receivable and other investment income	2,201		1,509	
Investment return appropriated for spending	–		–	
Auxiliary enterprises – Note 4 Other Income – Residences, catering and conferencing	57,457		21,549	
Net assets released from restrictions	–		–	
		1,123,786		975,676



