

LONDON'S GLOBAL UNIVERSITY



**Annual Report and Financial Statements  
for the year ended 31 July 2022**

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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## COMMITTEE MEMBERSHIP

### Council (Trustees)

External Members:	Mr Dominic Blakemore Mr Victor Chu (Chair) *♦ Dr Andrew Gould (to 31/12/21) Ms Tina Harris (from 01/01/22) Ms Tania Holt (from 01/01/22) Ms Lindsay Nicholson*♦ Mr Turlogh O'Brien♦	Ms Christine Ohuruogu* (from 01/01/22) Lord (John) Sharkey♦ Mr Philip Sturrock* (to 31/12/21) Dr Justin Turner KC Baroness (Jo) Valentine*♦ Ms Sarah Whitney (Treasurer)*
Academic Members:	Dr Michael Spence* (Provost) Professor Stephanie Bird (from 01/10/21) Professor Jonathan Butterworth (from 01/10/21) Professor Lucie Clapp (to 30/09/21) Dr Alun Coker	Professor Annette Dolphin* (to 30/09/21) Dr Martin Fry* Professor Helen Roberts* Professor Ralf Schoepfer
UCL Union:	Mr Hamza Ahmed (from 16/07/22) Mr Deniz Akinci (from 16/07/22)	Mr Ayman Benmati* (to 15/07/22) Mr Osman Teklies (to 15/07/22)

### Finance Committee

External Members:	Mr Roger Blundell (from 28/04/22) Mr Philip Clark (from 23/03/22) Dr Andrew Gould (to 31/12/21) Ms Tania Holt (from 01/01/22)	Baroness (Jo) Valentine Ms Sarah Whitney (Chair)
Academic Members:	Dr Michael Spence Professor Stephanie Bird (from 01/10/21) Professor Lucie Clapp (to 30/09/21) Dr Alun Coker	Professor Patrick Haggard
UCL Union	Mr Osman Teklies (observer) (to 15/07/22)	Mr Deniz Akinci (observer) (from 16/07/22)

### Audit Committee

External Members:	Mr Dominic Blakemore (Chair) Ms Mariette Davis Ms Tina Harris (from 01/01/22)	Mr Turlogh O'Brien Dr Justin Turner QC (to 31/12/21)
Academic Members:	Professor Annette Dolphin (to 30/09/21)	Dr Martin Fry (from 01/10/21)

### Investments Committee

External Members:	Mr Philip Clark (from 23/03/22) Mr Chris Hills Ms Jumana Saleheen	Mr Philip Sturrock Ms Sarah Whitney (Chair)
Staff Members	Ms Charu Gorasia (from 05/11/21)	Dr Michael Spence
UCL Union	Mr Osman Teklies (observer) (to 15/07/22)	Mr Deniz Akinci (observer) (from 16/07/22)

♦ denotes also member of Remuneration and Human Resources Strategy Committee

\* denotes also member of Nominations Committee

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## FINANCIAL SUMMARY

	2022 £m	2021 £m
<b>CONSOLIDATED INCOME &amp; EXPENDITURE ACCOUNT</b>		
Tuition fees and education contracts	794.9	732.9
Funding body grants	220.7	221.4
Research grants and contracts	524.9	476.9
Other income	181.7	146.0
Investment income	6.9	5.6
Donations and endowments	22.5	26.7
<b>TOTAL INCOME</b>	<b>1,751.8</b>	<b>1,609.5</b>
<b>TOTAL EXPENDITURE</b>	<b>1,656.3</b>	<b>1,511.4</b>
Gain / (loss) on disposal of fixed assets	1.0	(0.1)
(Loss) / gain on investments	(3.0)	47.5
Share of operating loss / profit in joint ventures and associates	(0.8)	0.2
Taxation	(0.3)	-
Movement on USS pension provision	(332.1)	1.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(239.7)</b>	<b>146.7</b>
Intangible assets	52.2	42.5
Fixed assets	2,557.9	2,391.4
Investments	310.0	317.0
Net current assets/(liabilities)	0.6	73.4
Total assets less current liabilities	2,920.7	2,824.3
Non-current liabilities	(956.9)	(955.6)
Pension provisions	(556.7)	(224.6)
Other provisions	(13.1)	(10.3)
<b>TOTAL NET ASSETS</b>	<b>1,394.0</b>	<b>1,633.8</b>
<b>Represented by:</b>		
Endowments	158.8	163.3
Reserves	1,235.2	1,470.4
Minority interest	-	0.1
	<b>1,394.0</b>	<b>1,633.8</b>
<b>OTHER KEY STATISTICS</b>		
(Decrease) / Increase in cash in the year	(46.3)	319.0
Student numbers	47,884	48,168
Average payroll numbers	16,215	15,205

# UNIVERSITY COLLEGE LONDON ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## OPERATING AND FINANCIAL REVIEW

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### Operating and Financial Review 2021-22

The financial statements of UCL are prepared in accordance with the "Statement of Recommended Practice: Accounting for Further and Higher Education 2019" and with reference to the "Regulatory framework for higher education in England" published by the Office for Students (OfS) in February 2018. The OfS also acts on behalf of the Charity Commission as principal regulator of UCL as an exempt charity, in accordance with the Charities Act 2006.

The financial statements include the consolidated results of UCL's subsidiary companies, details of which are shown at Note 32. These financial statements have been prepared on a going concern basis as described in section 1 of the Statement of Accounting Policies.

The Operating and Financial Review for 2021-22 comprises the following five sections:

- 1) UCL's mission and long-term strategy (UCL 2034)
- 2) Performance in 2021-22 in pursuit of this strategy in research, education, innovation and enterprise
- 3) The financial review and outlook
- 4) UCL's approach to risk management
- 5) How UCL delivers public benefit.

### Mission and Long Term Strategy

Looking back over the past year at UCL, we are proud to have seen extraordinary work across our community as well as the huge variety and impact of our activity across and between disciplines. In a year where the ongoing uncertainty of the pandemic affected us all, our students and staff nonetheless made huge contributions in areas from cancer treatment, dementia research and space science to climate change and social sciences.

That community continues to show a genuine hunger for excellence and an incredibly strong entrepreneurial drive. Over the last decade, these qualities have accelerated UCL's rise into the ranks of the very best universities in the world. We consistently demonstrate research power and impact at the highest level and are fortunate to welcome and to educate students of impressive talent and ambition. The university's long-term strategy, UCL2034, has given us a framework for these achievements, and the objectives set out in UCL2034 still resonate for our work.

In UCL2034, published in 2014 as a 20-year strategy for the university, we describe our mission as 'London's Global University: a diverse intellectual community, engaged with the wider world and committed to changing it for the better; recognised for our radical and critical thinking and its widespread influence; with an outstanding ability to integrate our education, research and enterprise for the long-term benefit of humanity'.

That description is an evolution of our foundational narrative. Since 1826, we have challenged orthodoxy and applied ourselves to making the world better, seeking to serve society through the generation and application of 'useful' knowledge, with a particular focus on leading interdisciplinary discussion and debate. UCL is now one of the world's leading universities, with broad disciplinary excellence in research, innovation, education and impact. We operate on a large scale and nevertheless deliver exceptional academic performance: an achievement that has few parallels internationally. We are also a significant contributor to London and to the UK, generating close to £10bn of economic impact each year as set out in an independent review published in June 2022 by policy and economics consultancy London Economics. In all this, we strive to exemplify the strong entrepreneurial spirit and desire for equity and justice that inspired our founding.

Our performance allows us to remain confident in our strategic direction, but after a ten-year period of growth, we find ourselves needing to evolve how we work so that we can both meet immediate financial and other challenges and sustain success for the long-term. We have spent this last year in a whole-community consultation - led by the President and Provost Dr Michael Spence - considering how to maximise our strengths and address those areas where we want to improve, to inform the development of a new five-year strategic plan.

Whilst UCL2034 remains our statement of longer-term ambition, the Strategic Plan 2022-27 will identify the most important cross-institutional priorities for action over the next five years, whilst responding effectively to some of the external challenges that we face in a period of economic uncertainty.

The consultation to develop the Strategic Plan centred around the publication of seven discussion papers to structure debate through four phases:

- |          |  |
|----------|--|
| Phase 1: | A review of our vision, mission and values, and our current position as an organisation                        |
| Phase 2: | Consideration of our academic priorities for cross-institutional focus and investment over the next five years |

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Phase 3: Discussion around the enabling systems, processes or structures that require attention during this period, including our overall size and shape as an institution

Phase 4: Consultation on the draft Strategic Plan before finalisation

The process has involved input from over 6,500 members of the UCL community so far, including our staff, students, alumni and partners. The discussions and feedback received have been rich and varied and have helped inform the priorities chosen for inclusion in the Strategic Plan.

The Strategic Plan 2022-27 will launch next year and, as we move into the delivery phase, we are committed to finding ways to continue this approach to consultation as our strategic initiatives develop. The Strategic Plan will be delivered within a challenging operating context, internally and externally, so we remain conscious of the need for agility and the ability to respond to external events and further feedback from UCL's communities.

### Founding Principles and Strategic Themes

UCL was established in 1826 in order to open up education in England for the first time to students of any race, class or religion. By 1878, it had become the first English university to welcome female students on equal terms with men. The founding principles of academic excellence and research aimed at addressing real-world problems continue to inform our ethos to this day.

UCL2034, as the statement of UCL's long-term ambition, is grounded in these values and expresses them through six principal themes:

1. Academic leadership grounded in intellectual excellence
2. A global leader in the integration of research and education, underpinning an inspirational student experience
3. Addressing global challenges
4. An accessible, publicly engaged organisation that fosters a lifelong community
5. London's Global University: in London, of London and for London
6. Delivering global impact

UCL's key enablers to achieve these themes are:

- A. Giving our students the best support, facilities and opportunities
- B. Valuing our staff and delivering on equality and diversity
- C. Financing our ambitions – a strong financial performance is critical to the success of UCL
- D. Delivering excellent systems and processes in support of our vision
- E. Maintaining a sustainable estate to meet our aspirations
- F. Communicating and engaging effectively with the world

Progress against these principal themes and key enablers is monitored by the executive and by Council, and performance highlights over the year are presented below.

### Performance in 2021-22

#### ***Theme 1: Academic leadership grounded in intellectual excellence***

At UCL we create an atmosphere where intellectual innovation thrives. We pursue new avenues of research driven by the curiosity and commitment of our academics in their fields. UCL's world-leading reputation is built on this foundation of attracting the best minds, enabling careers to flourish through outstanding programmes that support and nurture talent, and roles that challenge and inspire. Through these activities we create the perfect conditions for cross-disciplinary collaboration and research that changes the world for the better.

The excellence of our research at UCL and its positive real-world impact was acknowledged this year through the Research Excellence Framework (REF) 2021. The REF is carried out every six to seven years to assess the quality of research across 157 UK universities and to share how this research benefits society. UCL submitted 3,432 academics, 8,052 research outputs and 194 case studies showcasing the impact of our research as well as evidencing the quality of our research environment.

UCL came second in research power (a measure of average research score multiplied by staff numbers submitted), one place higher than in the previous 2014 assessment and behind only Oxford, and we maintained our position as top in the UK for research power in medicine, health & life sciences and social sciences.

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REF 2021 graded 93% of UCL's research as 4\* 'world leading' and 3\* 'internationally excellent', with our research receiving a 'grade point average' of 3.50 (out of 4) overall: an improvement from 3.22 in 2014. Particular success was seen in Laws, Philosophy, and Area Studies (Institute of the Americas), where all three came top overall by reference to research graded 4\*.

Over the course of the year, UCL has also continued to demonstrate tremendous resilience, dedication and impact emerging from the pandemic. Just a few examples highlight the breadth of research at UCL undertaken by academic staff, fellows and students. For example, 'Solar Orbiter', a European Space Agency spacecraft carrying instruments designed and built at UCL, had its closest approach yet to the Sun, providing breath-taking images.

UCL has also reaffirmed its world-leading role in longitudinal cohort research, establishing two new national studies. Funded by the Economic and Social Research Council, the 'Children of the 2020s' study will track the development of babies born in England in late 2021 and help researchers understand the challenges facing a new generation of babies: born at a time of great uncertainty and in the aftermath of the COVID-19 pandemic and Brexit.

In Medicine, the first ever 'gene-editing' therapy was delivered to patients with hereditary ATTR amyloidosis within a clinical trial that could pave the way for a revolution in the treatment of genetic disorders. Patients on the trial received a molecule known as CRISPR/Cas9 which inactivates a target gene within the liver cells and leads to production of only negligible levels of harmful protein.

UCL's research also continues to support and inform the global response to Covid. In 2022, a team at UCL found that fundamental differences in the immune response of adults and children can help to explain why children are much less likely to become seriously ill from SARS-CoV-2. Our researchers also determined how the dominant Alpha variant of SARS-CoV-2 mutated to evade our 'innate immune system', helping to establish it as the world's first 'Variant of Concern'.

In both the first (2021), and now the second (2022), Knowledge Exchange Framework (Research England's annual assessment of how Higher Education Providers translate the knowledge that they create into social and economic benefit) UCL's role as a leader in knowledge exchange has been recognised. In the 2022 assessment, UCL was placed in the highest possible band for 'Research Partnerships', 'Public & Community Engagement' and 'Intellectual Property & Commercialisation'.

In terms of global rankings: UCL was ranked 18th overall in the latest Times Higher Education (THE) world university rankings (2021:18<sup>th</sup>), coming 5<sup>th</sup> in Europe (4<sup>th</sup> in the UK) and rising up the THE league tables in six out of eleven disciplines compared to 2021. In total, UCL now has 10 out of 11 disciplines ranked in the top 25 globally.

UCL was again ranked among the top 10 universities in the world according to the most recent (2023) QS World University Rankings. UCL secured eighth position for the second year in a row, rising from tenth place in 2021, and putting it in the top one per cent of institutions ranked. In April 2022 UCL was also named by QS as one of the world's top universities for the study of 43 subjects, with nine ranked in the global top ten. The Institute of Education (IoE) - UCL's Faculty of Education and Society - maintained its position as first in the world for Education for the ninth year in a row, whilst the Bartlett - UCL's Faculty of the Built Environment - and UCL Archaeology retained places in the global top three for their respective disciplines of Architecture & Built Environment and Archaeology.

There has also been notable recognition of staff from within the UCL community over the last year:

- Seven UCL professors were elected to Fellowship of the British Academy in 2022. These are Professor Richard Bellamy (Political Science), Professor Lucy Green (Institute of Education), Professor Nicola Miller (Institute of Advanced Studies), Professor Catherine Price (Wellcome Centre for Human Neuro-imaging), Professor Eleanor Robson (History), Professor Uta Schonberg (Economics) and Professor Dame Anne Johnson (Institute for Global Health).
- In May 2022 eight UCL professors were made Fellows of the Academy of Medical Sciences: Professors Sebastian Brandner and Karen Duff (Institute of Neurology), Professor Robert Heyderman (Infection & Immunity), Professors Sam Janes and Hugh Montgomery (Medicine), Professor Caroline Sabin (Institute for Global Health) and Professor Russell Viner (Great Ormond Street Institute of Child Health), as well as Honorary Professor Sarah-Jayne Blakemore (Psychology & Language Sciences). A further two UCL professors were made Fellows of the Royal Society: Professor Yvonne Rogers (UCL Interaction Centre) and Honorary Professor Roberto Maiolino (Physics & Astronomy).
- In September 2022 five UCL professors were made Fellows of the Royal Academy of Engineering: Professors Daniel Alexander and Danail Stoyanov (Computer Science), Professor Peter Coveney (Chemistry), Professor Suzanne Farid (Biochemical Engineering) and Professor Hannah Fry (Centre for Advanced Spatial Analysis).
- Five UCL professors were made Fellows of the Academy of Social Sciences: Professor Alex Bryson (Social Research Institute), Professor Qing Gu (Centre for Educational Leadership), Professor Joanna Chataway, (Science, Technology, Engineering and Public Policy), Professor Andrew Hudson-Smith (Centre for Advanced Spatial Analysis) and Professor Ian Preston (Economics).

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- Seventeen members of the UCL community were recognised in the 2022 New Year's Honours and a further twenty-five in the Queen's Jubilee Birthday Honours, including Professor John Hardy (Institute of Neurology) - appointed Knight Bachelor for services to human health in improving understanding of dementia and neurodegenerative diseases; Lord Kakkar (Surgery & Interventional Science) - made a Knight Commander of the Order of the British Empire for services to healthcare and public health; Professor Russell Viner (Institute of Child Health) - made a Commander of the Order of the British Empire (CBE) for services to child and adolescent health and Professor Michael Arthur, former UCL President & Provost (2013 to 2021) - awarded a Knight Bachelor for services to Higher Education

#### *Theme 2: Innovative education and student support*

We inspire our students at every stage of their UCL careers and equip them with the knowledge and skills they need to become leaders in their chosen fields – to disrupt, challenge and change the world for the better. We see all our students as partners in the creation of knowledge, and whose opinions and values shape the innovative learning culture that makes UCL unique.

Since the onset of the pandemic and the initial shift to online teaching, we have developed an even greater understanding of what approaches work best for our students' education. UCL's 'blended by design' approach responds to feedback on the activity they would like to see return to face-to-face, and what should remain online and accessible in a way that suits their learning.

An appropriate blend of teaching often includes 'live' online lectures or video recordings, and UCL academics have sought to adapt their styles to accommodate this new approach as well. Professor Simon Gaisford from UCL's School of Pharmacy took an intuitive approach to creating an online lecture series for UCL's MPharm programme, looking at ways he could humanise his content, connect with students through the camera and use a style that captured his student's attention. Students responded strongly to what became a popular video series, and providing access to materials alongside the lectures gave students a sense of ownership and control over the pace of the learning as well.

Within Admissions, we have launched a transformation programme to deliver two key benefits for our applicants: an intuitive, timely and responsive system that allows them to track their application process every step of the way, and an enhanced set of policies, processes and systems across UCL Admissions to better support the team in delivering an efficient, transparent and fair service. It is essential to us that all applicants can see and feel how much we value their applications irrespective of whether they are offered a place to study.

For new students, the Welcome & Induction team has continued to build on initial successes, focusing on making the journey to join UCL as simple as possible; giving students an introduction to what makes UCL distinctive and giving them the opportunities to make connections and build a sense of belonging. In the most recent (2021) New to UCL survey, there was a marked and meaningful improvement in student satisfaction, with 94% of students saying they were satisfied with the experience of arrival at UCL. This was up 8 percentage points from the previous year and the highest ever score received for this question. We also saw very large increases of 22 percentage points in both the percentage of students who found that social events helped to settle them in and who found the Welcome Fair useful.

We are also entering year three of a project to develop and roll-out a new dedicated online assessment platform (AssessmentUCL). This has been a collaborative effort, bringing together academic and professional service colleagues and as more and more of our courses are brought on board, we get closer to improving the efficiency of assessment delivery, marking and feedback for all our students. We delivered over 1,000 assessments for more than 48,000 candidates during the 2021 academic year, and targeted 1,900 assessments for over 65,000 candidates in 2022.

Of course the wellbeing of our student community and the provision of mental health and wellbeing support remains a key priority for us as well. Supporting the transition to university life and study in particular though is an area where we have seen significant improvements. Student Advisers, supported by the central Student Support and Wellbeing team, are now based in academic departments to work with students locally and provide more personalised and timely support across a range of issues. A suite of new initiatives - designed and delivered in collaboration with academic experts and the Students Union - are now also in place to support students who may be in particularly challenging personal circumstances. Most notably, a dedicated support programme for students whose home countries have been impacted by events such as war, conflict or natural disaster, and the Student Assistance Programme, which has been expanded to offer students a 24/7 Student Support Line for in-the-moment emotional and practical support.

We continue to meet our Office for Students targets around closing and eliminating degree awarding gaps for black and minority ethnic students. The gap between the proportion of white and black students getting a good degree is now 1 percentage point, and the white / BAME gap is 0.4 percentage points.



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The Student Success team has been established to support departments in tackling continuation and attainment gaps amongst other underrepresented groups including mature students and those from lower socioeconomic backgrounds. To support this work, a new post was established in the Arena Centre specifically focused on inclusive education and awarding gaps.

In the National Student Survey (NSS) for undergraduate students, we saw increases in scores for most categories, continuing our positive trajectory and we moved up into the 1st quartile of the Russell Group for 3 categories. Overall Satisfaction has increased by nearly 2% and is now above both the sector and Russell Group averages. We still have challenges however around Assessment & Feedback, where we are 7.8% behind the sector average and in the 4th quartile, and around Academic Support, where we are behind the sector average. Whilst we have moved up 27 places on this particular score, we are still ranked 88th in the sector and aspire to be much higher.

#### ***Theme 3: Research - addressing global challenges***

UCL is committed to global innovation, applying a depth and breadth of expertise to complex real-world problems. By fostering cross-disciplinary interaction and by prioritising adaptability, we generate novel insights into and solutions to the challenges facing humanity today.

Launched in the late 2000s, the UCL Grand Challenges (comprising Global Health, Sustainable Cities, Cultural Understanding, Human Wellbeing, Transformative Technology and Justice & Equality) are the flagship embodiment of our institutional commitment to provide wise solutions to global challenges. In the past year UCL Grand Challenges has funded 46 projects, including work on the climate emergency, equality & prosperity, the UN sustainable development goals and critical global health.

Over the course of the year, UCL Public Policy continued to deliver national leadership through policy fellowships in government and other policy-making organisations, and by cultivating national dialogue on topical themes such as Climate & Net-Zero, Artificial Intelligence and the Future of Work. Our strength in public policy engagement is reflected in our leadership of the four-year, £10m 'Capabilities in Academic Policy Engagement' (CAPE) project, which is generating significant policy impact and best-practice learning for UK Research Councils. CAPE unpins UCL's approach to knowledge exchange as well, for which UCL has received the 2nd highest amount of funding awarded by UKRI under its Impact Acceleration programme. UCL has also been cited as the 2nd most active university for academic impact on policymaking across local, regional, national and international spheres by policy impact tracking website Overton.

The UCL Sustainable Development Goals (SDGs) Initiative, established in 2020–21, continued to encourage and facilitate activities across all aspects of the UCL community that are aimed at supporting the 17 UN SDGs. This included: the provision of funding awards to stimulate additional SDGs-related activities in partnership with UCL Grand Challenges and UCL Global Engagement, launching a new podcast series on the SDGs, and establishing an initiative to increase the quantity and quality of Education for Sustainable Development within UCL's taught curriculum.

The Initiative has also measured the extent of SDGs-related activity at UCL and showcased more than 130 examples online. The SGD podcast series has received more than 15,000 listens, translating UCL's world-leading climate research into understanding and action for people's everyday lives and - launched within the UCL Climate Hub's Net Zero Innovation Programme – UCL's own LEAF programme for sustainable labs is now used by more than 80 institutions globally with new versions of the programme in development for both the NHS and pharmaceutical companies.

UCL's Generation One campaign, launched in the lead up to the 26th UN Climate Change Conference of the Parties (COP26), further raised awareness of our cross-disciplinary contribution to climate science and encouraged the UCL community and public to tackle climate change. The campaign resulted in 1,780 pledges made, ranging from joining a community climate group to undertaking citizen science projects.

With a focus on translating our research, UCL Innovation & Enterprise provided nearly £1.5m in knowledge exchange funding to researchers across a wide range of departments and disciplines, funding 76 projects in the past year. Our 'Challenge-Oriented Innovation Networks' promote cross-disciplinary engagement with external partners to focus on common industrial and technological challenges and opportunities. For example, a partnership between Liverpool John Moores University, Barclays Eagle Labs, the UCL Institute of Global Prosperity and the UCL Institute of Making explored innovative techniques in repurposing existing garments to reduce waste but sustain the fashion industry. The EPSRC-funded Materials and Manufacturing in Healthcare Network has involved both clinicians and manufacturers in the healthcare innovation process, looking jointly at the potential for new medical technologies and their impact on sustainability.

UCL continued to address the ongoing impacts of the COVID-19 pandemic as well. Research included the first findings from the world's largest study on long COVID in children, as well as conclusions drawn from broad social studies that the pandemic had widened economic inequalities, that COVID infection doubled the risk of mental health and financial problems in older adults, and that there was evidence to indicate lower vaccine take-up among Black ethnic groups in London was driven by mistrust of the vaccine and the authorities administering it. By the end of the year, our unique open access platform had promoted more than 3,700 COVID-19 papers published by UCL researchers and drawn more than 70,000 article views.

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In terms of overall research performance, UCL attracted £508m funding across 1,485 new awards. For the second year running, UCL has received the most UK Research and Innovation (UKRI) awards of any higher education institution in the UK (151). Our research outputs generate the 5th highest number of global citations, up from 10th just 7 years ago, and we rank 3rd for producing papers in the top 1% of the world's most highly cited papers, up from 15th just 7 years ago.

#### ***Theme 4: An accessible, publicly engaged organisation fostering a lifelong community***

UCL was the first university in England open to all, irrespective of race, religion or gender. We remain committed to raising aspiration and improving access to education. We recognise and act on our responsibility to share our work with wider society, proactively engaging in dialogue with communities to ensure relevancy in our activities.

UCL is widening access to students from underrepresented groups through Access UCL: our contextual offer scheme. Now in its fourth year, Access UCL provides a lower offer to applicants who may have faced barriers in their education, including those from deprived neighbourhoods, care-experienced students, estranged students and young carers. The number of students entering UCL through the scheme has risen each year.

In 2021-22, we recognised the need to make bolder progress, and widened the eligibility criteria and - for some courses - lowered the contextual offer given. Provisional data shows that there have been 1,000 entrants through the Access UCL scheme so far, and UCL is on track to meet the Access targets in its 2020-2025 Access and Participation Plan. Students who enter UCL through the Access UCL scheme are also offered additional support (such as the Careers Extra scheme) and their retention and attainment is closely monitored.

UCL remains committed to all departments - academic and professional, technical and operational - being actively engaged in progressing gender equality, with all departments eventually holding Silver Athena Swan awards. At present, the University holds an Athena Swan Silver institutional award for advancing gender equality, 50 academic departmental Athena Swan awards (the most of any UK university, including 3 Gold and 19 Silver) and 2 departmental JUNO (gender equality) awards, with one at 'Champion' level.

UCL has an active community of named individuals and equality networks providing targeted support on gender, race, LGBTQ+, and disability, holds a Bronze Race Equality Charter award and is currently setting up a new network for religion and belief.

Over the past three years we have transformed our relationship with the Students' Union and their network of 1,900 Student Academic Representatives (STARs), and we have built a strong and effective partnership to help us deliver an outstanding student experience. Involving students in UCL's decision-making processes at all levels is key to this. We are also fully committed to supporting the Students' Union through the implementation of the new Student Life Strategy, which will help develop a stronger sense of community for all our students, ensuring they enjoy their time at UCL and build their skills and confidence across their extra and co-curricular activities.

In the past year, our academic reps have worked with staff on ensuring that teaching delivery is excellent and that a variety of engaging teaching styles are used. They have also worked with our academic departments to make connections with industry to benefit the employability and career prospects of students in their department. Our network of academic reps continue to help us understand the student priorities for education.

UCL alumni are an integral part of UCL's community too, contributing their valuable time, money and expertise to help support our students, raise our profile globally, and drive our world-leading research. In 2021-22, we supported 100+ alumni-led activities from reunions to international club events to professional networking opportunities all designed to help engage UCL's alumni community of over 390,000 world-wide and encourage their participation as advocates for UCL around the globe.

In total UCL's new and existing philanthropic supporters donated £72.3m in 2021-22 to enable researchers across UCL to drive innovation, make new discoveries and create initiatives that are changing lives. Those funds also provide support that will ensure that UCL continues to attract the very brightest students and academics, and that they are equipped to make a difference in the world. Philanthropy's impact at UCL is growing at pace as we deepen relationships with donors seeking to create transformational change through their giving.

This year has also highlighted the success of our open access platform, UCL Press. In 2015 UCL Press was launched as the UK's first fully open access university press, offering our innovative research to anyone, anywhere in the world. In October 2021, we celebrated our 5 millionth download from readers across 244 countries and from as far afield as Antarctica and North Korea. Total downloads since the press launched have now exceeded 6 million, and the range of resources continues to grow. In 2022, UCL Press launched an open access textbook programme to make learning resources freely available globally.

UCL Discovery, the university's open access repository, holds almost 150,000 records and total downloads exceeded 34 million during the year. UCL produced the second-highest number of open access journal articles globally (behind only Harvard) and retains that position based on a five-year average.

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### *Theme 5: London's Global University*

As a global leader in knowledge exchange, enterprise and open innovation with societal impact, we are establishing UCL at the centre of a cluster of organisations that will make London the premier destination for higher education. How we engage with the city and contribute to its improvement for all who live and work here is central to this aim.

UCL's Pro-Provost (London) Office launched The London Framework in November 2020 and since this time has become a significant resource for UCL internally, as well as providing a vital entry point to partners and stakeholders across London. Based centrally within the President & Provost Office, it enables a strategic and targeted way of engagement, as well as amplification of UCL's activity in and across London. In the two years since The London Framework's inception, UCL has also become more impactful in how it creates purpose, connects people and celebrates its place in, of and for London.

Our goal to enhance engagement, coordinate relationships and enrich society. We strive to develop external partnerships in order to have meaningful, reciprocal long-term benefits through collaboration and aligned priorities. Our well-established relationship with the London Borough of Camden and our joint Memorandum of Understanding is one fantastic example of how university-local authority relationships can flourish for the benefit of local communities. Through UCL East, our new campus on the Olympic Park in Stratford, we have established a strong relationship with the London Borough of Newham and we continue to work closely on shared priority projects to respond to grand challenges surrounding sustainability and prosperity.

Over the course of the past year, colleagues from across UCL have continued to impact London and Londoners through their research and activities in a variety of ways:

- Professor Jessica Ringrose (IOE, UCL's Faculty of Education) was commissioned by the Greater London Authority to explore and understand diverse women and girls' experiences in advertising in London. Recommendations called for a higher standard of advertising, setting a positive example of equality and fairness. The report led to a UK wide competition hosted by City Hall and £500,000 of advertising space, visible for 12 weeks on the TfL estate. In reaction to the findings, the National Advertising Standards Authority (ASA) updated their guidelines on gender stereotypes.
- Research led by Professor Lynn Ang and Dr Sinead Harmey (IOE, UCL's Faculty of Education and Society) informed a professional development intervention for local early years teachers and practitioners in Newham, to improve the outcomes of disadvantaged young children. The research was instrumental in addressing a significant need in improving professional practice to enhance the educational outcomes for children in the local community.
- UCL has been actively helping over 270 London SMEs to innovate, survive and grow, as part of UKRI's Innovate UK Edge initiative, helping secure over £30m of funding for these companies. Support includes teaching them how to repurpose technologies to tackle emerging societal or industry needs. SMEs are supported to commercialise R&D and take new technologies to market, as well as find international partners to achieve these goals.
- The Institute for Global Prosperity (IGP) in partnership with Camden Council, Lendlease and Camden Giving launched an 18-month collaborative research project called 'Good Life Euston' to develop a prosperity and well-being index for the Euston area which reflects the needs, priorities and lived experiences of local residents. The project explored what supports prosperity for local communities as well as, incorporating the voices of local residents in regeneration planning. A 'Good Life' model has been developed by citizen social scientists based on extensive qualitative research which identified the factors that enabled people to lead good and fulfilling lives as well as, the barriers that prevented people from doing so.
- The Evaluation Exchange is a structured 6-month programme of academic engagement and capacity building in the voluntary and community sector. The programme brings together organisations wanting to improve their capacity to evaluate their work, with postgraduate students and researchers who want to put their research and evaluation skills into practice in a real-life setting. The Evaluation Exchange has worked with 19 organisations in Camden and Newham, and 74 students and researchers from across UCL.

2021-22 also saw major progress at both the One Pool Street and Marshgate buildings at UCL East: UCL's state of the art new campus on the Queen Elizabeth Olympic Park in Stratford. Joined on the park by other world-famous London cultural institutions such as Sadler's Wells, BBC Music, University of the Arts, London's College of Fashion and the V&A, UCL East is a founding partner of East Bank: the largest cultural and educational district in Europe.

Construction of the multi-use research and residential centre at One Pool Street is now complete with occupation expected in November 2022. Once open, the building will be publicly accessible with the first three floors dedicated to learning and research space including a cinema, cafes and bespoke public space facilities. Two towers on either side of a main podium rise above a landscaped roof terrace, providing living space to 550 students.

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Marshgate is on track to open in September 2023 and, while it will feature predominantly academic activities, it will also be publicly accessible and include retail and community and engagement spaces; most prominently, an 8 metre Gaia Globe art installation that will float in Marshgate's central atrium.

#### *Theme 6 Delivering Global Impact*

Despite the challenges posed to HE and society more broadly as a result of COVID - as well as an increasingly challenging geo-political landscape - UCL's academics, departments and faculties have continued to work productively with global partners to achieve fair solutions to global challenges, delivering some truly impactful outcomes.

In response to the Russian Federation's invasion of Ukraine, UCL took a number of actions to support staff, students and members of our community affected by the war. This included support to current students from Ukraine through hardship funding, flexibility with payment of fees, mental health and wellbeing support and support for those struggling with academic work. Support was also given to those UCL researchers who had paused funding flows with Russian partners, in line with government guidance, and we established the Academic Sanctuary Fellowship Scheme for academics fleeing warzones, including Ukraine – which has resulted in a number of Ukrainian scholars joining us this Autumn.

Throughout the 2021-22 academic year, we have sought to enhance UCL's global reputation through the transformational impact we've had across communities and societies overseas. To achieve this, we have worked in partnership with NGOs, health and social care providers, overseas governments and ministries, higher education institutions and international business.

Wider engagement has deepened through the growth of institutional and faculty-level global partnerships, focused on academically led impact through research and education. This year, new and innovative research links were developed with the University of Toronto in neuro-oncology, in child health and in the sharing of operational best practice; with the University of Melbourne in the built environment; with Cornell in democratic resilience and student exchange; and with the All India Institute of Medical Sciences in neuro-muscular disease. As we evolve our approach to global engagement over the coming year under the leadership of the new Vice-Provost for Research, Innovation & Global Engagement, we will continue to expand and deepen these strategic links to support our faculties in delivering global impact.

Across our innovation and enterprise activity, we have continued to work with students to support and encourage entrepreneurship, often with an international aspect. The social enterprise organisation, Rice Inc, which works with farmers in Southeast Asia to eliminate food waste and promote sustainability has benefitted from our mentorship and guidance throughout its life cycle. As a graduate start-up, UCL helped the enterprise obtain launch-funding and, more recently, UCL partnered with them again in the generation of funding for a feasibility study for UK farmers.

In 2021-22, UCL led the delivery of the Global Business Innovation Programme (GBIP) mission to Canada on the Biomanufacturing of Advanced Therapies. GBIP - funded by Innovate UK (the UK's national agency for supporting business-led innovation) - helps SME businesses to collaborate and partner with host country industries and academic stakeholders in order to expand into new markets and accelerate growth. For this mission, 10 innovative UK SMEs were put forward to develop partnership opportunities with organisations in Canada.

Across our own community, seed funding from UCL Global Engagement has now benefited more than 800 academics, with 30% of funding going to early career researchers and with the programme as a whole attracting a further £33.5m of external funding to support impactful research. UCL also secured a Turing Scheme grant of £1.4m within the year to support our students in gaining life-changing experiences to study or work abroad.

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### Financial Review

UCL's summary consolidated results for the year ended 31 July 2022 are summarised in the table below.

Results for the year-ended 31 July	2022 £m	2021 £m
<b>Total income</b>	<b>1,751.8</b>	<b>1,609.4</b>
Operating expenditure before movement on USS pension provision	(1,656.3)	(1,511.4)
Other gains and losses and tax	(4.1)	30.0
Share in joint ventures, associates and non-controlling interests	(0.8)	0.3
<b>Operating margin (before movement on USS pension provision and unrealised gains on consolidation*)</b>	<b>90.6</b>	<b>128.3</b>
Movement on USS pension provision	(332.1)	1.0
Consolidated gains on investments	1.8	17.4
<b>Total comprehensive income for the year</b>	<b>(239.7)</b>	<b>146.7</b>

\* Unrealised gains on consolidation representing the difference between University and Consolidated gains / losses on investments and primarily comprising movements in the value of equity interests held by Group subsidiary UCL Business in spin-out tech transfer companies.

UCL's Financial Strategy is designed to enable an investment in people, buildings and technology on the scale required to deliver its institutional strategy and ensure long-term financial sustainability. In order to monitor progress, UCL's performance and financial health is assessed in terms of four key financial indicators: an operating margin of 6% of income from 2023-24 onwards; an average operating cash flow of at least 8% of income; total borrowing below 5 times EBITDA (earnings before interest, tax, depreciation and amortisation); and liquidity of at least 80 days from 2022-23 onwards.

As with previous years, and in line with the principles underpinning our financial strategy, the operating margin generated in 2021-22 will be used wholly to sustain investment in our strategic priorities, including: infrastructure and the digital estate, supporting the University's operations, enhancing the student experience and enabling delivery of the University's academic mission. Examples of additional in-year investment made during 2021-22, as well as commentary surrounding our £236m capital investment for the year in state-of-the-art teaching and research facilities are detailed in the 'operating performance' section of this financial review.

Excluding the impact of a £332.1m increase in UCL's USS pension scheme provision (an accounting adjustment described in further detail below), 2021-22 performance against UCL's key financial indicators was as follows: operating margin of 5.2% of income (2021: 8.0%), operating cashflow of 10.5% of income (2021: 16.2%), total debt of 2.9x EBITDA (2021: 3.1x) and liquidity of 131 days excluding available headroom on draw-down debt facilities (2021: 156 days).

The Financial Strategy that defined these performance measures was developed in 2018 and, since that point, the University's operations and progression towards those long-term targets has been heavily impacted by the pandemic. This has included significant investment in adapted teaching models, a managed pause on all capital projects, a fall in student accommodation occupancy, a higher uptake of offers from A-level students and the delivery of a covid-safe campus.

The impact of Covid was especially notable in the performance of the previous financial year, during which operations were hampered by national lockdown, travel restrictions and disruption to the global supply chain. As a result, costs were unable to be incurred as planned and this is reflected in the heightened £128.3m operating result achieved for that year. That result also includes a £30m gain on the value of UCL's investment portfolio, reflecting a period of strong market recovery. For both reasons the University did not expect to reproduce that same level of financial performance year on year, once normal operating conditions had returned.

The financial year 2021-22 represented a more stable environment, and the operating margin achieved of £90.6m or 5.2% of income (before movement on USS pension provision and unrealised gains on consolidation) is an encouraging sign of UCL's financial resilience, particularly as we enter another period of significant cost pressure brought about by steeply rising inflation.

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Whilst £90.6m represents a small increase in absolute terms against the £86.8m achieved in the most recent 'pre-pandemic' financial year of 2018-19, it is a decrease in relative terms (5.2% of income as compared to 6.0%). The University's focus remains on cost management therefore as a core element of UCL's financial planning.

### *Universities Superannuation Scheme (USS) Pension Provision*

In the 2021-22 financial year, UCL's reported results have been materially influenced by a £332m charge to the Statement of Comprehensive Income and Expenditure arising from an increase in the value of its USS pension provision.

UCL participates in a number of pension schemes, the most significant of which is USS. The scheme is currently assessed as in deficit and this has been the case - to varying degrees - under the Trustee's three most recent valuations (2017, 2018 and 2020). In each case, a recovery plan has been agreed with employers, and each of those plans has included a commitment to earmark a proportion of future employer contributions to fund the scheme's past deficit.

As a participating employer - and in line with UK Accounting Standards - UCL is required to value this future commitment to fund the past deficit and account for the liability as a provision on its balance sheet.

The scale of UCL's provision (£557m as at 31 July 2022) is proportionate to its status as the scheme's largest employer, and the swings in its value that have followed the rising and falling levels of deficit reported under the three most recent valuations have been highly material to UCL's reported results. An increase in scheme deficit to £7.5bn under the 2017 valuation gave rise to a £255m charge in UCL's 2018-19 financial statements, and this was followed by a £159m credit in 2019-20 when the value of the deficit was reduced to £3.6bn under the 2018 valuation.

Under the most recent 2020 valuation - concluded within the current financial year - the scale of the deficit was assessed to be £14.1bn (a significant increase on the previous £3.6bn) and as a result UCL's provision has risen from £225m to £557m, with the increase of £332m accounted for as a charge to the Statement of Comprehensive Income and Expenditure.

The specific drivers behind this increase are twofold: under the 2020 valuation's employer recovery plan, the proportion of future employer contributions earmarked to fund the past deficit has increased from 6% of salary to 6.2% (and rising again to 6.3% from April 2024). The effective period for this earmarking has also been extended by 10 years from March 2028 to April 2038.

### *Contribution Levels*

Despite the significant increase in deficit, total contributions (member and employer) have been retained at levels largely equivalent to those set under the 2018 valuation. The total rate from 1 April 2022 amounts to 31.4% (members 9.8% and employers 21.6%) with a marginal fall to 31.2% (members 9.8% and employers 21.4%) scheduled from 1 April 2024 onwards.

This compares to the 30.7% (members 9.6% and employers 21.1%) previously in force, and retention at these levels is as a result of a package of benefit reforms, extensions to the deficit recovery plan and a strengthening of the underlying funding guarantee from employers that was agreed as part of the 2020 valuation process.

The higher initial rate of 31.4% reflects an agreement by employers - in light of the emerging financial outlook - to fund a three year extension to a 5% inflationary cap on pension benefits and postpone implementation of the 2.5% cap that was otherwise proposed.

### *Unwinding of the Provision*

The commitment to fund past deficits - as set under each recovery plan and expressed as the earmarking of a proportion of future employer contributions - is met through the ongoing settlement of those employer contribution payments. The commitment does not represent an additional cash outflow for the University therefore, and instead reduces to zero over the period of the recovery plan (currently to April 2038) as monthly employer contribution payments are made.

### *Scheme Valuation Status*

The next scheme valuation has been scheduled for March 2023 and early signs are that the value of the deficit is set to reduce both as a result of improved scheme performance and the effect of the benefit reforms already undertaken. Employers and employees - through their representative bodies - will be looking for an accelerated resolution to this

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exercise and UCL will remain focussed on realising opportunities to enhance the value of pension benefits available to its staff. While there is potential for contribution levels to reduce as part of this process, that will not necessarily be the case and the current cost to UCL (£104.5m for the 2021-22 financial year as reported in note 33) may continue.

### *Operating Performance*

For the 2021-22 financial year, UCL's operating margin (excluding USS pension charge and consolidated gains on investments) stands at £90.6m or 5.2% of total income (2020-21: £128.3m or 8.0% of total income). This is closely in line with the £92m forecast for the year and reflects a continued focus on the management of our cost base combined with the release of additional in-year investment where opportunity allowed.

This additional investment included £5m in funding for extra teaching staff to accommodate an increased undergraduate intake, and a further £2.5m to fund an associated expansion of student welfare support and the need for additional equipment. £3m of savings made on lease exits and other estate management costs were also funnelled back into strategic maintenance of the estate.

In terms of broader performance, UCL continued to see the effect of changes to the way in which A-levels are graded following the pandemic, resulting in another year of higher-than-expected numbers of students meeting their offer target. 2021-22 saw approximately 1,500 additional undergraduate students (6%) resulting in an associated increase in tuition fee income. Other effects of the pandemic however have eased somewhat compared to previous years, with accommodation income reverting to some normality and UCL returning to full campus-based teaching. 2021-22 still saw some pockets of turbulence, with the summer school running at a lower level than normal and generating around £1m less in income than anticipated, but the overall financial impact has been much reduced.

The main drivers underpinning performance against the forecast outcome for 2021-22 are:

- Income growth of £8m across non-core activities such as academic consultancy, testing and diagnostic services and non-sponsored research
- Increased utilisation of RCIF (Research Capital Investment Fund) funding across faculties as well a higher level of research activity overall, contributing to a further £10m of income
- A challenging recruitment market leading to higher non-contract staff and agency costs of £5m
- The impact of the emerging energy price crisis. Whilst much of 2021-22's energy was secured ahead of the price rises, the tail-end of the financial year still suffered an increased cost of £3m.
- A raised level of operating activity across professional services, resulting in higher costs across professional fees and estates management in particular (£7m).

Across the capital programme, UCL continued to invest in both major new developments as well as existing estate with capital expenditure in the year of £236m. UCL East, our new campus on the Queen Elizabeth Olympic Park in East London, accounted for £150m of this investment. As the single largest development in UCL's history, it will provide the scale and space we need to help tackle the biggest challenges facing people and the planet - through investment in hi-tech multidisciplinary research labs, fabrication workshops and studios exploring ecology, robotics, urbanism, disability and heritage. UCL East has also been built to be accessible, sustainable and open to the public, with exhibitions and public art from local artists.

A further £42m funded the continued development of the Institute of Neurology Dementia Research Institute (IoN-DRI) at Greys in Road, and £5m was invested on project CAVE (Clean Active Ventilation Environment). The IoN-DRI is a new state-of-the-art facility that will equip the next generation of scientists to tackle the devastating global health challenge of neurological diseases such as dementia, and dramatically improve patient treatments. CAVE is the world's first facility for investigating the global challenges of the transmission of airborne diseases, biosecurity and bio-hygiene - at scale and across different environments - with a view to supporting public health decisions and economies.

Alongside the above UCL also invested £36m in its existing estate through the timely replacement of infrastructure, the provision of high-quality student facing teaching space, and targeted fit-out and refurbishment projects. Through these individual projects and the capital programme as a whole, UCL seeks to support its academic community across the entire range of disciplines and faculties to ensure we retain our strong global reputation for both teaching and research.

The University's available cash balance has decreased by £46.3m (8%) but remains high at £554.8m largely as a result of UCL's debut bond issuance in June 2021: a £300m, 40 year Sustainability Bond carrying a coupon of 1.625%. This was the UK sector's first sustainability bond and the lowest coupon rate ever achieved by a UK University bond.

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Further detail on income and expenditure for the year is set out below.

Source of income	2021-22		2020-21	
	£m	%	£m	%
Funding body grants	220.7	13	221.4	14
Academic fees	794.9	45	732.9	45
Research contracts	524.9	30	476.9	30
Other operations	181.8	10	146.0	9
Interest	6.9	-	5.6	-
Donations and endowments	22.5	2	26.7	2
<b>Total</b>	<b>1,751.8</b>		<b>1,609.4</b>	

Total income from funding bodies (OfS and Research England) decreased by only £0.7m in comparison to prior year, reflecting decreases in funding for teaching and research of £5.7m and £1.5m respectively, offset by a rise in capital grants and other knowledge exchange funding of £6.5m. Recurrent funding for teaching now stands at £28.2m (2020-21: £33.4m), with recurrent funding from Research England at £159.3m (2020-21 - £162.3m).

Academic fee income was up £62m (8.5%) to £794.9m, with the rise almost exclusively driven by growth in the full-time international (non-EU) student base. This fee segment saw a rise of £71.7m (16.3%) in the year, reflecting a combination of increased intake and fee inflation. Fee income from full-time UK and EU student numbers fell by £19.2m (9.9%), driven by the application of full international fee levels to EU students, whilst the income from research training support grants rose by £5.1m (14.2%).

Income from research contracts grew by £48.0m (10.1%) in relation to the previous year, driven by a period of uninterrupted activity following the national lockdowns and other covid-related disruptions of the previous two financial years. Nevertheless, this level of growth, emerging out of the pandemic, is representative of UCL's strength and long-standing success in securing new awards.

Income from other operations rose by £35.8m (25%) against the previous year, largely as a result of student residence occupancy returning to pre-pandemic levels and an associated 'return to norm' in catering activity. Total residency, catering and conference income in the year of £49.6m (2020-21: £20.8m) is now back in line with its pre-covid comparatives (2018-19: £45.8m) and similar increases were also seen across academic consultancy services (£15.3m or 29%).

Income from donations and endowments remained substantially consistent with prior year at £22.5m (2020-21: £26.7m) representing the continuation of a steady state interim position between completion of the £624m It's All Academic campaign in July 2020 and commencement of UCL's next major fundraising initiative.

Staff costs (excluding the USS pension charge) increased by 6.0% in the year to £938.6m (2020-21: £885.8m) and is closely in line with the 6.6% increase in average payroll numbers from 15,205 in 2020-21 to 16,215. This total cost of £938.6m amounts to 54% of total income (2020-21: 55%).

Other operating expenses increased by £82.3m (16%) to £600.8m, with the single most significant driver being a £15.8m increase in conference, travel and training following the resumption of international travel during the year, and a partial return to pre-pandemic levels of activity. The previous financial year had seen a £20.9m (71%) fall in this category of spend. This dynamic is seen across other operating activities during the year as well, with the most substantial category increases being: computer and office equipment of £12.8m (23%), repairs and maintenance of £7.8m (43%) and utilities of £7.0m (42%).

Other operating expenses also includes audit fees for the year of £0.6m (2020-21: £0.6m) and other fees paid to UCL's auditors of nil (2020-21: £0.1m).

Total net assets decreased in the year from £1,634m to £1,394m, driven largely by the £332m increase in UCL's USS pension provision. Without this adjustment, net assets would have increased by £92m to £1,726m with much of the movement driven by continued investment in the UCL estate.



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The value of UCL's endowment assets at £159m (2020-21: £163m) is largely in line with prior year – belying what were highly volatile markets over the course of the year - and total reserves (excluding endowments and USS pension provision) increased from £1,695m to £1,792m.

Cash and short-term deposits, still bolstered by the proceeds of the University's £300m debut public bond issuance in June 2021 stood at £555m: £46m below the equivalent £601m in 2020-21. An excess of capital expenditure in the year (£261m) over and above the combination of operating cash inflow (£184m) and capital grant receipts (£46m) broadly accounts for the movement. A cash balance of £555m represents 131 days' expenditure (excluding depreciation and movement on the USS pension provision), compared to 156 at the previous year-end.

Net current assets stands at £0.6m (2020-21: £74m), with the movement in cash largely accounting for the difference against prior year. The balance of short term creditors - those due in less than one year - has risen by £65m (8%) but this has been largely offset by an equivalent (£39m or 13%) increase in debtors. The most significant increases in short term creditors related to research grant funding held on account of £22m (5%), purchase ledger and other working capital creditors of £22m (16%), and accruals and deferred income of £13m (5%).

At £897m in total, creditors due in under one year includes £461m of research grant payments received in advance of spend, and a further £68m of deferred income relating to advance receipt of capital grants. These amounts will be retained and recognised as income as UCL meets its obligations under the respective grant funding agreements and, as a result, current assets of £898m are sufficient to meet UCL's current cash obligations and maintain an appropriate level of working capital whilst ring-fencing the proceeds of the bond for long-term investment in the estate.

As at the year-end date, UCL had combined drawings of £580m against its primary debt facilities, comprising a £280m credit facility held with the European Investment Bank and £300m in long-term borrowing secured through the issue of UCL's debut public bond in June 2021. The terms of the EIB facility structure repayment over a 30 year period to 2048 with capital repayment commencing in June 2026. The bond was issued as a 40 year sustainability bond - with a coupon rate of 1.625% - and is repayable in full in 2061.

As to mid-term liquidity support, UCL holds a £150m revolving credit facility (RCF) with NatWest, which was entered into in January 2020, and provides rolling access to a maximum of £150m across a 7 year term. As at 31 July 2022, nothing had been drawn against the RCF leaving £150m of headroom.

#### **Financial outlook**

In June 2022 the Public Accounts Committee concluded that 'higher education providers face long-term, systemic, pressures on their financial sustainability and viability.

The ongoing freeze in the tuition fee cap for home students means that the value of this income stream continues to reduce in real terms. There continues to be a shortfall in funding received to deliver research activities. Meanwhile, for many providers, including UCL, overseas tuition fees continue to grow as a proportion of income. This results in increased risk exposure to overseas student markets.

High inflation is driven by increasing energy costs linked to Russia's invasion of Ukraine, as well as by Covid-19 and supply chain issues. For UCL, like many organisations, this means higher costs for energy, products, materials and construction. It also results in a higher cost of living for UCL students and staff. The Energy Bill Relief Scheme will provide some support for UCL, for 6 months, in 2022-23 but the cost of energy and inflation, remains a significant risk in the short to medium term.

Looking forward into 2022-23 sees more financial turbulence, with the escalation of the energy price risk driven by the cost-of-living crisis, financial market turmoil, and political upheaval.

UCL has now secured 100% of its energy usage for 2022-23, but has already experienced absolute growth of 3.5 times 2021-22 costs, before government intervention. Actions have been taken to support staff and student welfare through additional London Allowance payments and increases in student bursaries and stipends. Student admissions numbers continue the trend of recent years in exceeding expectation, and with a continued drift towards overseas students, a favourable movement on budgeted tuition fee income.

However, given the increasing external financial pressures and uncertainty, there is need to review and re-set UCL's cost-base, and this is already being done within the context of a new financial strategy: one designed to support delivery of the of the UCL Strategic Plan 2022-27 and to ensure long-term financial sustainability.

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This includes a strong focus on cost reduction, thereby enabling resources to be channelled towards UCL's people and the buildings and tools that support the University's work.

The process will also see the reversion of long-term financial planning (missing since the start of the pandemic), and the re-introduction of a 'modified' contribution model, which will apportion appropriate central costs out to faculties based on usage.

As ever, UCL will continue to monitor the external environmental and assess the likely impact on its financial position. Through its strength of reputation, global ranking, application levels and its positioning at the centre of both national and European research agendas, UCL retains a degree of resilience that will undoubtedly help in weathering this uncertainty.

#### Managing risk

UCL has a mature process for identifying, reviewing and monitoring those risks that pose the greatest threat to the achievement of its academic objectives. Institutional risks are captured through the strategic risk register, which is reviewed by the University Management Committee and each risk is assigned an owner. Controls and actions are identified to mitigate the risk, and an assessment is made of impact and likelihood, both inherent and residual (post-mitigation). The outcome of this assessment leads to a grading which results in the categorisation of risks between intolerable, severe and manageable.

For the 2021-22 risk cycle, UCL's covid-specific and "business-as-usual" strategic risk registers were merged to form a single point of reference for material risk across the institution. This reflected UCL's shift in stance away from immediate response and towards ongoing management of covid, as well as successful integration of those ongoing Covid management procedures into core operations.

Action is being taken in respect of all the identified strategic risks but most urgently in respect of those with the highest severity rating post-mitigation. As at the end of the 2021-22 financial year, this group included:

1. **Financial Sustainability:** In the current financial environment there is a material risk for any organisation that, without swift and targeted intervention, existing operating models become unsustainable, liquidity is put under pressure and longer term financial sustainability is jeopardised. In UCL's case, a steep and prolonged rise in inflation could significantly depress the level of funding available for reinvestment back into the estate, technology and those other areas of student and staff experience that are so critical to retaining our global position and achieving our strategic goals. Mitigating actions to review and control the cost base are already underway: UCL is in the process of resetting its financial strategy, reforming its internal financial model and establishing savings targets for all areas of the organisation.
2. **Cyber Security:** Universities remain a prime target for cyber-crime, with student data, personal information, and extremely valuable research at risk should an attack take place. The financial and reputational risks associated with a hostile data breach could also be significant. Our focus is on minimising the likelihood of a significant incident occurring as well as on reducing the level of impact on systems and operations if it does, and we have increased our investment in this area accordingly. A strategic improvement plan for information security resilience is in place, vulnerability detection has been enhanced and a series of protective measures have been put in place, including: network anomaly detection, additional anti-phishing controls and new training and awareness campaigns for staff.
3. **Geopolitical tension:** As a university with a global outlook, a large international student body and an extensive network of relationships with international stakeholders and partners, UCL is exposed to the effects of intensifying geopolitical tensions on a number of fronts. At the forefront is the impact on the UCL community of the invasion of Ukraine, as well as the risk to funding flows in light of the sanctions directed against Russia and Belarus. Immediate action was taken to support all staff and students directly affected, with a focus on ensuring continuity of learning for students, and providing financial and wellbeing support more broadly. The level of student fees relating to China also remains an area of focus and, in response, our Global Engagement team is developing a strategy for how we can capitalise on the opportunities presented by China whilst better managing related risks. A 'Global Crisis Management' protocol is also in development and will be in place by January 2023.
4. **Staff satisfaction:** Multiple factors across a complex environment of internal and external change have the potential to impact on staff morale along with our ability to recruit and retain staff, particularly in specialist areas. The 2022-27 Strategic Plan, once launched, will highlight the importance of improving process and the physical and digital estate on staff satisfaction and will prioritise focus in that area.

# UNIVERSITY COLLEGE LONDON

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### OPERATING AND FINANCIAL REVIEW

Workforce planning is in place as well, incorporating professional development, career transition opportunities and the development of talent management frameworks. Work is also underway within our People Committee to ensure there is a channel for staff feedback and that the feedback received is systematically addressed.

5. **Student satisfaction:** The reputational risk associated with a failure to address areas of persistent student dissatisfaction or a failure to ensure that the student voice is both valued and heard is significant. Student satisfaction is affected by a complex range of factors and interacts with staff satisfaction as well. The Education section within the 2022-27 Strategic Plan will outline a five year plan to address student satisfaction but ongoing actions include: continuation of the annual improvement process connected to student surveys (NSS, PTES), positive engagement plans with students from module level upwards and the roll out of a new assessment load module to standardise the volume of assessments.

In parallel, UCL continues to identify, monitor and manage operational risk through a continuous cycle of local risk register review by organisational units within UCL and through internal audit. The focus of the audit work is reviewed annually in collaboration with UCL's internal audit partner, and results are reported periodically to Audit Committee.

#### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require us to publish information on Trade Union facility time relating to a specific 12 month period. UCL's most recent data for the reporting period to 31 March 2022 is available on our website at: <https://www.ucl.ac.uk/human-resources/policies/2022/aug/trade-unions>. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities. There is a statutory entitlement to reasonable paid time off for undertaking union duties.

#### Delivering public benefit

UCL has exempt charity status and, in accordance with part 3 of the Charities Act 2011, the Office for Students (OfS) is charged, as its principal regulator, with monitoring compliance with charity law obligations.

In exercising their powers and duties, UCL's trustees have taken due consideration of the guidance relating to public benefit published by the Charity Commission. UCL's objects, as outlined in its Royal Charter, are "to provide education and courses of study in the fields of Arts, Laws, Pure Sciences, Medicine and Medical Sciences, Social Sciences and Applied Sciences and in such other fields of learning as may from time to time be decided upon by the college and to encourage research in the said branches of knowledge and learning and to organise, encourage and stimulate postgraduate study in such branches."

In addition to its objectives, UCL's global vision is informed by four clear principles of intent that form the basis of all it does:

- To enhance UCL's educational and research environment by promoting the global context in which UCL operates;
- To contribute throughout the range of UCL activity (research, teaching, learning, business links, and community engagement) to the resolution of problems of global significance;
- To contribute to UCL's financial stability by maximising income generation from all aspects of global activity where the potential to do so exists;
- To engage with public bodies, including UK Government, in matters of support for British higher education in a global market.

UCL's contribution to these objectives is described under 'Performance in 2021-22 on pages 4 to 11.

DocuSigned by:  
  
 DEABD12851CB4C9...  
 Sarah Whitney  
 Treasurer

DocuSigned by:  
  
 12267F998FC1456...  
 Victor Chu  
 Chair of Council

# UNIVERSITY COLLEGE LONDON

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### CORPORATE GOVERNANCE

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UCL is an independent corporation whose legal status derives from a Royal Charter. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes.

UCL is an exempt charity under Schedule 3 of the Charities Act 2011, and is regulated by the Officer for Students (OfS). UCL appears on the OfS' Register of officially recognised Higher Education providers.

UCL undertakes fundraising to assist with its charitable activities, claiming Gift Aid under its exempt charity status, and is registered with the Fundraising Regulator.

UCL is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. UCL has a Public Interest Disclosure ("Whistleblowing") Policy to enable staff, students and other members of the University to raise concerns in the public interest.

#### Corporate Governance Structures

The Council is the governing body of UCL. In accordance with the Statutes of UCL, the Council comprises: external members; the President and Provost ('Provost' hereafter) who is the designated Accountable Officer with the OfS for the purposes of the Higher Education and Research Act 2017; elected academic staff members, and student members. All new members of Council receive an induction to the University and their responsibilities as a member of the governing body. The Statutes provide for the distinct roles of Chair and Vice-Chair of the Council, the Treasurer, and of UCL's Chief Academic and Administrative Officer, the Provost. The Council met ten times during the year (including an away day).

The powers and duties of the Council are set out in the Statutes. The Council has adopted a Statement of Primary Responsibilities, a delegation framework, Regulations for Management and Financial Regulations. The Council holds to itself the responsibilities for the ongoing strategic direction of UCL, approval of major developments and the receipt of regular reports from UCL officers on the day-to-day operation of its business and its subsidiary companies. The Council also acts as the board of trustees in the context of UCL's status as an exempt charity and in line with the responsibilities thereby incurred. Members provide a Register of Interests (updated at least annually) and a declaration that they are fit and proper persons, as defined by the OfS. Declaration of Interests is a standing item at the beginning of each Council meeting to remind Members of the need to disclose any interests relating to items of the agenda.

The Council has several committees, including the Finance Committee, Audit Committee, Remuneration Committee and Nominations Committee. All of these committees are formally constituted with Terms of Reference.

The Finance Committee comprises external members, the Provost and academic staff members, and is chaired by the Treasurer. The Committee met nine times during the year. Among other things, it recommends to the Council UCL's annual revenue and capital budgets, the acquisitions or disposals of land or buildings, monitors performance in relation to the approved budgets, and reviews UCL's annual financial statements with regard to UCL's financial performance and strategy. The Committee also receives and considers reports from the Office for Students (OfS) and UK Research and Innovation (UKRI) as they affect UCL's business and monitors adherence with the regulatory requirements. During 2022, the Finance Committee established its own Estates Committee to assist it with carrying out this work.

The Investments Committee, which reports to Finance Committee, is chaired by the Treasurer and comprises up to three other external members with investment expertise appointed by Council. It governs, manages and regulates the investments of UCL.

The Audit Committee, which meets at least four times annually, is chaired by an external member of Council and comprises a majority of external members. The Committee approves the internal audit programme, drawn up based on assessment of the relative risks in relation to institutional strategy, the significance of each operating area and their materiality in the context of overall UCL activity. The Committee also considers reports from the Internal Auditors arising from their audits, which highlight significant issues and management's response thereon, and reviews the conclusions of this work. The Committee is also responsible for meeting with the External Auditor to consider the nature and scope of the annual audit, and thereafter to discuss audit findings and the internal control report arising out of the audit of the annual financial statements. The Audit Committee reviews the annual financial statements, paying particular attention to financial disclosures, accounting adjustments and control issues. Whilst UCL officers attend the meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets from time to time with the Internal and External Auditors on their own for independent discussions.

The Nominations Committee considers the filling of vacancies in the external membership of Council and the membership of other UCL committees. It maintains an overview of committee membership more generally. In exercising these functions the Committee has regard to the diversity and skills of Council members, which are assessed on an ongoing basis.

The Remuneration Committee is chaired by an external member of Council and comprises four other members of Council, including the Chair. The Committee determines the annual remuneration of senior officers of UCL, including non-clinical staff earning a salary of £180,000 or more, and where necessary decides on any severance payments.

# UNIVERSITY COLLEGE LONDON

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### CORPORATE GOVERNANCE

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The Provost is not a member of the Committee and has always been excluded from discussions relating to his own remuneration package. The Remuneration Committee also receives a report of the annual review of all non-clinical professorial salaries and administrative equivalents earning £150,000 or more. The remuneration of these staff is determined by the Provost in consultation with relevant Vice-Provosts and Deans and the Chief People Officer.

Salary levels are set to attract and retain members of staff for the successful operation of UCL, both academically and administratively, whilst being mindful of financial constraints and internal relativities. Modest awards are also made from time to time for exceptional individual performance. No remuneration is paid to external members of the Council or any of its committees.

The Academic Board is a large body of over 1,800 members that provides advice to Council on a range of matters that have a bearing on UCL's academic activity. The Academic Committee, which makes reports to both the Academic Board and Council, is responsible for, among other things, monitoring the effectiveness of UCL's academic strategies, policies and procedures in respect of the management of research, teaching and learning, the definition and maintenance of academic standards and the enhancement of the quality of the student experience.

In 2019-20 Council commissioned an external review of its effectiveness by management consultancy Halpin Partnership, including an exercise to benchmark UCL's governance practices against the six primary elements of Higher Education Governance set out in the Higher Education Code of Governance, published by the Committee of University Chairs (CUC) in September 2020. The review found that, overall, UCL's governance practice, principles, processes and values were compliant with the CUC code. The review made a number of recommendations in light of best practice in governance. Council established a Working Group to consider this issue; the Group met throughout 2020-21 and reconvened in 2022 to review progress. The Working Group stood down at that point and resolved to continue to track recommendations through the existing Council committee structures. Council has continued to build on the recommendations made in the external review of its effectiveness and is in the process of amending its Statutes to modernise its decision-making processes.

#### Statement of Internal Control

The Council is responsible for the system of internal control operating within UCL and its subsidiary undertakings ("the Group") and for reviewing its effectiveness. Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, and cannot eliminate business risk. The Council identifies areas for improvement in the system of internal control, based on reports and views from the Audit Committee, Academic Board and other committees.

At its last meeting of each calendar year, the Council carries out an assessment for the year ended 31 July by considering a report from the Audit Committee, taking account of events since 31 July. The Council is of the view that there is an ongoing process for identifying, evaluating and managing the Group's key risks and internal controls, that it has been in place for the whole of the year ended 31 July 2022 and that, up to the date of approval of the annual report and financial statements, the process has been subject to regular review. The Council approaches this responsibility from the perspective of discharging its duties, as specified in the "Regulatory Framework for Higher Education in England" published by the OfS.

UCL also looks to other sources of good governance principles, for example, paragraph 29 of the UK Corporate Governance Code ("The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report"). The Audit Committee conducts a high-level review of the arrangements for internal control and data quality, with regular consideration of risk and control, as well as of the adequacy and effectiveness of procedures surrounding the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the OfS, the UKRI, the Student Loans Company, and other bodies. In reaching this opinion the Committee relies on reports from the Internal Auditor. When deemed necessary, follow-up reports are requested either from UCL officers or from the Internal Auditors, as appropriate. The Committee keeps a rigorous track of the implementation of internal audit recommendations. At each meeting the Committee considers a report on the progress of the implementation of every recommendation, in which any overdue recommendations are highlighted.

The Risk Management Working Group is chaired by the Chief Financial Officer and takes overall responsibility for ensuring that the significant risks to UCL's corporate objectives are regularly reviewed, assessed, monitored and reported upon appropriately within UCL. It actively monitors and reports to the University Management Committee (UMC) on progress, with agreed actions, on all the identified risks, other than those directly monitored by the UMC. It is also responsible for developing and providing documentation and guidance on the risk assessment process and regularly revises and updates the risk assessment criteria.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## **RESPONSIBILITIES OF THE COUNCIL OF UNIVERSITY COLLEGE LONDON**

In accordance with UCL's Charter and Statutes, the Council is responsible for the administration and management of the affairs of UCL, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Council is responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of UCL and for ensuring that the financial statements are prepared in accordance with UCL's Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of the "Regulatory framework for higher education in England" published by the OfS, the Council, through the Provost, its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of UCL and of the surplus or deficit and cash flows for that year. In causing the financial statements to be prepared, the Council has ensured that:

- (i) suitable accounting policies are selected and applied consistently;
- (ii) judgments and estimates are made that are reasonable and prudent;
- (iii) applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) financial statements are prepared on the going concern basis. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- (i) ensure that funds from the OfS and UKRI are used only for the purposes for which they have been given and in accordance with the Regulatory framework for higher education in England published by the OfS;
- (ii) ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- (iii) safeguard the assets of UCL and prevent and detect fraud;
- (iv) secure the economical, efficient and effective management of UCL's resources and expenditure.

UCL's system of internal control, designed to discharge the responsibilities above, includes the following:

- (i) clear definitions of the responsibilities of, and authority delegated, to executive management;
- (ii) comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Council;
- (iii) a professional Internal Audit Service whose annual programme of work is approved by Audit Committee, endorsed by the Council and whose head provides the Provost, Audit Committee and Council with a report on internal audit activity within UCL and an opinion on the adequacy and effectiveness of UCL's system of internal control, including internal financial control;
- (iv) regular reviews of financial performance and key business risks, and twice yearly reviews of financial forecasts including variance reporting and updating;
- (v) a comprehensive planning process for the short to medium term supported by detailed income, expenditure, capital and cash flow budgets and forecasts, including review and refresh of strategic objectives, the key risks affecting their achievement and key performance indicators of progress;
- (vi) embedded risk management policies and procedures incorporating identification, monitoring and review of the internal controls mitigating key risks, covering all categories of risk at all levels of the organisation;
- (vii) clearly defined procedures for the approval and control of expenditure, with investment decisions involving capital or recurrent expenditure being subject to formal detailed review according to levels set by the Council.

Under Condition E3 of the OfS's regulatory framework, Council must ensure the University's 'compliance with all of its conditions of registration and with the OfS Accounts Direction'. Council confirms that its accounts have been prepared in accordance with the OfS Accounts Direction and give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit and cash flows for 2021-22.

Any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Council is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF  
UNIVERSITY COLLEGE LONDON**

**Opinion**

In our opinion:

- ▶ University College London's group financial statements and Parent Institution's financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Institution's state of affairs as at 31 July 2022, and of the Group's and Parent Institution's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- ▶ the financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- ▶ the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

We have audited the financial statements of University College London (the 'Parent Institution') and its subsidiaries (the 'Group') for the year ended 31 July 2022 which comprise:

<b>Group</b>	<b>Parent Institution</b>
Consolidated Statement of Financial Position as at 31 July 2022	Institution Statement of Financial Position as at 31 July 2022
Consolidated Statement of Comprehensive Income for the year then ended	Institution Statement of Comprehensive Income for the year then ended
Consolidated Statement of Changes in Reserves for the year then ended	Institution University Statement of Changes in Reserves for the year then ended
Consolidated Statement of Cash Flows for the year then ended	Statement of Accounting Policies
Statement of Accounting Policies	Related notes 1 to 36 to the financial statements
Related notes 1 to 36 to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Council's assessment of the Group and Parent Institution's ability to continue to adopt the going concern basis of accounting included:

- Reading the Narrative Report and Financial Statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Group and Institution's financial position.
- Obtaining an understanding of the business planning process and challenging the underlying assumptions, for the going concern period through to 31 July 2024 for evidence of bias and for consistency with our knowledge of the organisation. We also assessed the information used in the going concern assessment for consistency with management reporting and information obtained through auditing other areas of the business.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF UNIVERSITY COLLEGE LONDON

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- Assessing the levels of current borrowing and confirmed that under management's base case and downside scenario the Group and Institution is forecasting compliance with loan covenants through the going concern period.
- Checking the clerical accuracy of management's modelling, and recalculating the forecast covenant calculations throughout the going concern period.
- Undertaking reverse stress testing on the plausible downside scenario performed by management, to understand the potential circumstances required and likelihood of those circumstances that could result in liquidity and covenant compliance breaches within the going concern period.
- Testing management's assumptions and performing our own plausible downside scenario and reverse stress testing.
- Comparing actual performance for the year to 31 July 2022 to the budget for that period to assess the accuracy of historical data.
- Challenging management's assumptions against historic financial performance and assessed the level of available reserves against plans to apply those reserves to meet any future requirements.
- Challenging the financial forecast position of the Group and Parent Institution as set out in the central and downside scenarios prepared by management to ensure that it has sufficient liquidity to maintain its position through to 31 July 2024, as well as forecasting compliance with all loan covenants through to 31 July 2024.
- Assessing management's going concern disclosures in the Financial Statements to ensure they are appropriate based on our knowledge and in conformity with FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Institution's ability to continue as a going concern for the period to 31 July 2024.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

### Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of 1 component and audit procedures on specific balances for a further 2 components.</li> <li>• The components where we performed full or specific audit procedures accounted for 100.9% of the deficit before tax, 99.4% of Revenue and 99.8% of Total Assets.</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>• Risk of fraud in revenue recognition in relation to cut off and recognition in line with performance related conditions</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall group materiality of £17.5m which represents approximately 1% of total income.</li> </ul>

### An overview of the scope of the parent and group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 9 reporting components of the Group, we selected 3 components, which represent the principal business units within the Group.

Of the 3 components selected, we performed an audit of the complete financial information of 1 component ("full scope components") which was selected based on its size and risk characteristics. For the remaining 2 components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.



UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF UNIVERSITY COLLEGE LONDON

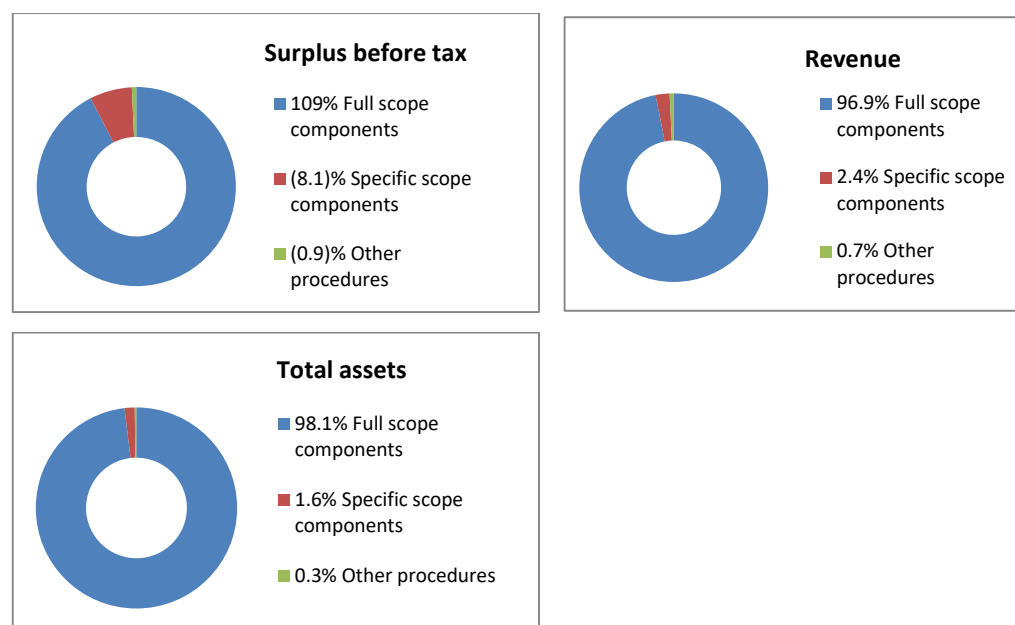
The reporting components where we performed audit procedures accounted for 100.9% (2021: surplus of 100%) of the Group's Deficit before tax, 99.4% (2021: 99.4%) of the Group's Revenue and 99.8% (2021: 98.8%) of the Group's Total assets.

For the current year, the full scope component contributed 109% (2021: surplus of 80.5%) of the Group's Deficit before tax, 96.9% (2021: 97.4%) of the Group's Revenue and 98.1% (2021: 98.4%) of the Group's Total assets.

The specific scope components contributed a surplus of 8.1% (2021: 19.5% surplus) of the Group's Deficit before tax, 2.4% (2021: 2.0%) of the Group's Revenue and 1.6% (2021: 0.5%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the components but will have contributed to the coverage of significant accounts tested for the Group. We also instructed 2 locations to perform specified procedures over certain aspects of cash existence and valuation, and overall financial performance and position, as described in the Risk section above.

Of the remaining 9 components that together represent 0.7% of the Group's total revenue, none are individually greater than 5% of the Group's total revenue. For these components, we performed other procedures, including analytical review and 'review scope' components, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



### Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 1 full scope component, audit procedures were performed on this directly by the primary audit team. For the 2 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### Climate change

There has been increasing interest from stakeholders as to how climate change will impact the University. The University has determined that the most significant future impacts from climate change on its operations will be relating to the UCL Sustainable Development Goals (SDGs) Initiative which aims to encourage and facilitate activities across all aspects of the UCL community that are aimed at supporting the 17 United Nations SDGs. This is explained on page 7 in the Operating and Financial Review, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF  
UNIVERSITY COLLEGE LONDON**

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of climate risks have been appropriately reflected in the carrying value of investments/assets with indefinite and long lives, and in the timing and nature of liabilities recognised. We also challenged the management's considerations of climate change in their assessment of going concern and associated disclosures.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Risk of fraud in revenue recognition in relation to cut off and recognition in line with performance related conditions (£1,751.7m total income, PY comparative £1,609.5m)</b></p> <p><i>Refer to Accounting policies (pages 35 and 36); and Notes 1-7 of the Consolidated Financial Statements</i></p> <p>Revenue is recognised in accordance with FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.</p> <p>The number of revenue streams increases the risk of inappropriate revenue recognition.</p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. There is inherently more judgement applied in determining the amount and timing of income to be recognised in respect of capital grant income, tuition fees, research and education contracts and other income streams.</p> <p>We have assessed the risk arises in the following areas:</p> <p><i>Research income (£524.9m; PY £476.8m).</i></p> <ul style="list-style-type: none"> <li>- Recognition requires judgement at year end in recognising accrued and deferred income which could result in recognising income in the year incorrectly either by recognising the incorrect value or recognising income that should be deferred until any performance related conditions are met.</li> </ul>	<p>Our audit procedures included:</p> <p><i>Procedures across all revenue streams:</i></p> <ul style="list-style-type: none"> <li>- Understanding the revenue processes for each material revenue stream.</li> <li>- Identification and walkthrough of key controls over revenue processes for each material revenue stream.</li> <li>- Performed an overall analytical review on revenue compared to prior year to identify, understand and corroborate any unusual fluctuations.</li> <li>- Substantively tested a sample of trade and other receivables back to source documents, such as invoice, contracts, grant agreements and cash.</li> <li>- Substantively tested a sample of deferred and accrued income back to source documents, such as invoice, contracts, grant agreements and cash.</li> <li>- Performed cut off testing for a sample of transactions before and after the year end to confirm that they have been recorded in the correct financial year.</li> <li>- Undertook risk-based procedures to identify journals specifically raised to increase income and corroborated their purpose back to underlying evidence.</li> </ul> <p><i>Research income</i></p> <ul style="list-style-type: none"> <li>- Tested a sample of research income, deferred income and accrued income, agreeing that judgment applied in recognising income was in accordance with the relevant accounting policy. This included agreeing to source documents such as contracts and agreement with funders, and reconciling project spend to our analytics data.</li> <li>- We tested a sample of movements in deferred and accrued income for research income. This included agreeing to source documentation such as invoices and cash receipts.</li> </ul>	<p>Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period in accordance with the requirements of FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.</p>

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF  
UNIVERSITY COLLEGE LONDON**

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><i>Tuition fees (£794.9m; PY £732.8m):</i></p> <ul style="list-style-type: none"> <li>- Where there are courses spanning the financial year end the risk lies in recognising revenue in the correct financial year.</li> </ul> <p><i>Other income (£181.7m; PY £145.9m);</i></p> <ul style="list-style-type: none"> <li>- There is a risk that revenue is recorded incorrectly around the year end date.</li> </ul> <p><i>Donations and endowments (£22.5m; PY £26.7m);</i></p> <p>There is a risk that revenue is recorded incorrectly around the year end date.</p> <p><i>Funding body grants (£220.7m; PY £221.3m);</i></p> <p>Since there is no material judgement associated with the recognition of the University's funding council grant income, we have determined that the risk of revenue recognition does not materialise within this area.</p> <p><i>Investment income (£6.9m; PY £5.6m)</i></p> <p>Revenue is not material in the current year. We do not consider there to be a risk of material manipulation for the year.</p>	<p><i>Tuition fees</i></p> <ul style="list-style-type: none"> <li>- For full-time courses we performed substantive analytical review procedures, developing an expectation of fee income and comparing this to the income recognised in the income statement. Our expectation was calculated by disaggregating the data by student and course type and forming an expectation of the movement in overall income based on changes in student numbers and course fee.</li> <li>- Tested the accuracy of student numbers by sample testing data such as course type, fee and student registration back to individual student files and published fees for the academic year.</li> <li>- Sample tested part time student fees and short course fees agreeing the amounts back to invoices and cash.</li> </ul> <p><i>Other income</i></p> <ul style="list-style-type: none"> <li>- Performed overall analytical review procedures over other income to identify any unusual trends or fluctuations in income compared to the prior year.</li> <li>- Substantively tested a sample of other income back to source documents, such as invoice, contracts, grant agreements and cash.</li> </ul> <p><i>Donations and endowments</i></p> <ul style="list-style-type: none"> <li>- Substantively tested a sample of donation and endowment income back to source documents, such as invoice, contracts, grant agreements and cash.</li> </ul> <p>We performed full scope audit procedures over this risk, which covered 96.9% of the risk amount. We also performed specified procedures over revenue in two additional locations.</p>	

**Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £17.5 million (2021: £16.1 million), which is 1% (2021:1%) of Total income for the Group. We believe that income provides us with the most appropriate basis for understanding the Group's activity

We determined materiality for the Parent Institution to be £17.5 million (2021: £15.4 million), which is 1% (2021: 1%) of the Parent Institution's income

During the course of our audit, we reassessed initial materiality and we determined that this remained appropriate.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF UNIVERSITY COLLEGE LONDON

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### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £13.1m (2021: £12.1m). We have set performance materiality at this percentage due to lack of issues identified through our audit planning procedures, including our walkthrough of key controls.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £2.6m to £1.3m (2021: £161,700 to £224,250).

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.9m (2021: £0.8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the Committee membership, Financial Summary, Operating and Financial Review, Corporate Governance, and Responsibilities of the Council, set out on pages 1 to 20, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- ▶ funds from whatever source administered by the University College London have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable Terms and conditions attached to them; and
- ▶ the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- ▶ the University's grant and fee income, as disclosed in note 7 to the financial statements, has been materially misstated
- ▶ the University's expenditure on access and participation activities for the financial year has been materially misstated.

UNIVERSITY COLLEGE LONDON  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF UNIVERSITY COLLEGE LONDON

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### Responsibilities of Council

As explained more fully in the Responsibilities of the Council of University College London statement set out on page 20, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group and Parent Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or the Parent Institution or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are FRS 102 and the Statement of Recommended Practice for Further and Higher Education, the Office for Students Terms and conditions of funding for higher education institutions and the Higher Education and Research Act 2017.
- We understood how the Group and Parent Institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Council minutes and papers provided to the Audit Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence.
- We assessed the susceptibility of the Group and Parent Institution's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

We also considered the oversight of those charged with governance (i.e., considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of stakeholders as to the entity's performance and profitability).

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Council minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the University and its regulators.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF  
UNIVERSITY COLLEGE LONDON**

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**Other matters we are required to address**

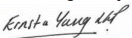
- ▶ Following the recommendation from the Audit Committee we were appointed by the University on 21 May 2015 to audit the financial statements for the year ending 31 July 2022 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ended 31 July 2016 to 31 July 2022. Non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Institution and we remain independent of the Group and the Parent Institution in conducting the audit.

- ▶ The audit opinion is consistent with the additional report to the Audit Committee.

**Use of our report**

This report is made solely to the Council, as a body, in accordance with the Charters and Statutes of the University College London. 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Stephen Reid (Senior statutory auditor)**

**For and on behalf of Ernst & Young LLP, Statutory Auditor**

**Edinburgh**

**Date: 16 December 2022**

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

**CONSOLIDATED AND INSTITUTION STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	1	794,866	794,866	732,872	732,872
Funding body grants	2	220,746	220,746	221,390	221,390
Research grants and contracts	3	524,890	524,890	476,878	475,698
Other income	4	181,838	163,454	145,975	128,511
Investment income	5	6,938	6,437	5,638	5,466
Donations and endowments	6	22,501	24,103	26,698	27,749
<b>Total income</b>		<b>1,751,779</b>	<b>1,734,496</b>	<b>1,609,451</b>	<b>1,591,686</b>
<b>Expenditure</b>					
Staff costs	8	938,569	929,211	885,837	876,285
Movement on USS pension provision	8,10	332,057	331,389	(1,035)	(990)
Other operating expenses	9	600,802	591,405	518,534	498,762
Depreciation and amortisation	14,15	110,166	109,983	102,463	102,409
Interest and other finance costs	10	6,751	6,892	4,649	5,410
<b>Total expenditure</b>	11	<b>1,988,345</b>	<b>1,968,880</b>	<b>1,510,448</b>	<b>1,481,876</b>
<b>(Deficit)/Surplus before other gains/(losses) and share of operating surplus/(deficit) of joint ventures and associates</b>		<b>(236,566)</b>	<b>(234,384)</b>	<b>99,003</b>	<b>109,810</b>
Gain/(Loss) on disposal of fixed assets		917	917	(98)	(98)
Loss on disposal of subsidiary		-	-	-	-
Gain/(Loss) on investments	17	(3,028)	(4,723)	47,522	30,158
Share of operating deficit in joint ventures	18	(1)	-	1	-
Share of operating profit/(deficit) in associates	19	(754)	-	246	-
<b>(Deficit)/Surplus before tax</b>		<b>(239,432)</b>	<b>(238,190)</b>	<b>146,674</b>	<b>139,870</b>
Taxation	13	(263)	-	(14)	-
<b>(Deficit)/Surplus for the year</b>		<b>(239,695)</b>	<b>(238,190)</b>	<b>146,660</b>	<b>139,870</b>
Actuarial loss in respect of pension schemes		-	-	-	-
<b>Total comprehensive (expenditure) / income for the year</b>		<b>(239,695)</b>	<b>(238,190)</b>	<b>146,660</b>	<b>139,870</b>
Represented by:					
Endowment comprehensive (expenditure) / income for the year		(4,508)	(4,508)	20,057	20,057
Restricted comprehensive income for the year		3,266	2,810	999	999
Unrestricted comprehensive income for the year		98,570	97,137	122,781	109,345
Pension reserve comprehensive (expenditure) / income for the year		(332,057)	(331,389)	1,035	990
Revaluation reserve comprehensive (expenditure) / income for the year		(5,025)	(2,240)	1,804	8,479
Attributable to the University		(239,754)	(238,190)	146,676	139,870
Attributable to the non-controlling interest		59	-	(16)	-
		<b>(239,695)</b>	<b>(238,190)</b>	<b>146,660</b>	<b>139,870</b>
<b>(Deficit)/Surplus for the year attributable to:</b>					
Non controlling interest		59	-	(16)	-
University		<b>(239,754)</b>	<b>(238,190)</b>	<b>146,676</b>	<b>139,870</b>

All items of income and expenditure relate to continuing activities.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## CONSOLIDATED AND INSTITUTION STATEMENT OF CHANGES IN RESERVES

### Consolidated

	Income and expenditure account			Revaluation reserve	Pension reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2020</b>	<b>143,229</b>	<b>16,002</b>	<b>1,496,404</b>	<b>57,034</b>	<b>(225,653)</b>	<b>1,487,016</b>	<b>113</b>	<b>1,487,129</b>
Surplus/(Deficit) from the income and expenditure statement	25,846	2,327	110,249	7,219	1,035	<b>146,676</b>	(16)	<b>146,660</b>
Other comprehensive income	-	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	5,415	(5,415)	-	-	-	-
Release of restricted funds spent in year	(5,789)	(1,328)	7,117	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>20,057</b>	<b>999</b>	<b>122,781</b>	<b>1,804</b>	<b>1,035</b>	<b>146,676</b>	<b>(16)</b>	<b>146,660</b>
<b>Balance at 1 August 2021</b>	<b>163,286</b>	<b>17,001</b>	<b>1,619,185</b>	<b>58,838</b>	<b>(224,618)</b>	<b>1,633,692</b>	<b>97</b>	<b>1,633,789</b>
Surplus/(Deficit) from the income and expenditure statement	434	4,093	92,865	(5,089)	(332,057)	<b>(239,754)</b>	59	<b>(239,695)</b>
Other comprehensive income	-	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	(64)	64	-	-	-	-
Transfers between endowment and unrestricted income and expenditure reserve	-	582	(582)	-	-	-	-	-
Release of restricted funds spent in year	(4,942)	(1,409)	6,351	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,508)</b>	<b>3,266</b>	<b>98,570</b>	<b>(5,025)</b>	<b>(332,057)</b>	<b>(239,754)</b>	<b>59</b>	<b>(239,695)</b>
Distribution to Non controlling interest	-	-	-	-	-	-	(124)	<b>(124)</b>
<b>Balance at 31 July 2022</b>	<b>158,778</b>	<b>20,267</b>	<b>1,717,755</b>	<b>53,813</b>	<b>(556,675)</b>	<b>1,393,938</b>	<b>32</b>	<b>1,393,970</b>

### Institution

	Income and expenditure account			Revaluation reserve	Pension reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2020</b>	<b>143,229</b>	<b>16,002</b>	<b>1,493,652</b>	<b>46,164</b>	<b>(225,234)</b>	<b>1,473,813</b>	-	<b>1,473,813</b>
Surplus/(Deficit) from the income and expenditure statement	25,846	2,327	102,228	8,479	990	139,870	-	<b>139,870</b>
Other comprehensive income	-	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	-	-	-	-	-	-
Release of restricted funds spent in year	(5,789)	(1,328)	7,117	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>20,057</b>	<b>999</b>	<b>109,345</b>	<b>8,479</b>	<b>990</b>	<b>139,870</b>	<b>-</b>	<b>139,870</b>
<b>Balance at 1 August 2021</b>	<b>163,286</b>	<b>17,001</b>	<b>1,602,997</b>	<b>54,643</b>	<b>(224,244)</b>	<b>1,613,683</b>	-	<b>1,613,683</b>
Surplus from the income and expenditure statement	434	4,219	89,876	(1,330)	(331,389)	(238,190)	-	<b>(238,190)</b>
Other comprehensive income	-	-	-	-	-	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	910	(910)	-	-	-	-
Release of restricted funds spent in year	(4,942)	(1,409)	6,351	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(4,508)</b>	<b>2,810</b>	<b>97,137</b>	<b>(2,240)</b>	<b>(331,389)</b>	<b>(238,190)</b>	<b>-</b>	<b>(238,190)</b>
Other movements	-	-	1	-	-	1	-	<b>1</b>
<b>Balance at 31 July 2022</b>	<b>158,778</b>	<b>19,811</b>	<b>1,700,135</b>	<b>52,403</b>	<b>(555,633)</b>	<b>1,375,494</b>	<b>-</b>	<b>1,375,494</b>



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**CONSOLIDATED AND INSTITUTION STATEMENT OF FINANCIAL POSITION**

	Notes	As at 31 July 2022		As at 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Intangible assets	14	52,147	52,147	42,570	42,570
Fixed assets	15	2,557,938	2,557,366	2,391,380	2,390,699
Investments	17	308,278	304,784	315,719	308,410
Investment in joint ventures	18	-	-	1	-
Investments in associates	19	1,723	-	1,282	-
		<u>2,920,086</u>	<u>2,914,297</u>	<u>2,750,952</u>	<u>2,741,679</u>
<b>Current assets</b>					
Stock		108	108	146	146
Trade and other receivables	20	342,970	351,759	304,389	311,305
Cash and cash equivalents		<u>554,743</u>	<u>510,084</u>	<u>601,014</u>	<u>563,509</u>
		<u>897,821</u>	<u>861,951</u>	<u>905,549</u>	<u>874,960</u>
Less: Creditors: amounts falling due within one year	21	(897,259)	(876,722)	(832,155)	(815,187)
<b>Net current assets/(liabilities)</b>		<u>562</u>	<u>(14,771)</u>	<u>73,394</u>	<u>59,774</u>
<b>Total assets less current liabilities</b>		<u>2,920,648</u>	<u>2,899,526</u>	<u>2,824,346</u>	<u>2,801,453</u>
Creditors: amounts falling due after more than one year	22	(956,930)	(956,232)	(955,596)	(954,898)
<b>Provisions</b>					
Pension provisions	23	(556,678)	(555,633)	(224,621)	(224,244)
Other provisions	23	(13,070)	(12,167)	(10,340)	(8,627)
<b>Total net assets</b>		<u>1,393,970</u>	<u>1,375,494</u>	<u>1,633,789</u>	<u>1,613,684</u>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	24	158,778	158,778	163,286	163,286
Income and expenditure reserve - restricted reserve		20,267	19,811	17,001	17,001
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted before pension reserve		1,717,755	1,700,135	1,619,185	1,602,998
Pension reserve		(556,675)	(555,633)	(224,618)	(224,244)
Income and expenditure reserve - unrestricted after pension reserve		1,161,080	1,144,502	1,394,567	1,378,754
Revaluation reserve		53,813	52,403	58,837	54,642
		<u>1,393,938</u>	<u>1,375,494</u>	<u>1,633,691</u>	<u>1,613,684</u>
Non-controlling interest		32	-	98	-
<b>Total Reserves</b>		<u>1,393,970</u>	<u>1,375,494</u>	<u>1,633,789</u>	<u>1,613,684</u>

Approved by Council on 15th December 2022

DocuSigned by:  
  
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Sarah Whitney  
Treasurer

DocuSigned by:  
  
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Dr. Michael Spence  
President and Provost

DocuSigned by:  
  
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Charu Gorasia  
Chief Financial Officer

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
<b>Cash flow from operating activities</b>			
Surplus/(Deficit) for the year		(239,695)	146,660
<b>Adjustment for non-cash items</b>			
Depreciation	15	106,121	99,208
Amortisation of intangible assets	14	4,045	3,255
Loss on disposal of subsidiary		-	-
(Gain)/Loss on investments	17	3,028	(47,522)
Decrease/(Increase) in stock		38	(19)
Decrease/(Increase) in debtors		(38,988)	1,641
Increase in creditors		55,891	101,781
(Decrease)/Increase in pension provision	23	332,057	(1,032)
Decrease in other provisions	23	3,249	(3,235)
Share of operating (profit)/deficit in joint ventures	18	1	(1)
Share of operating (profit)/deficit in associates	19	754	(246)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(6,938)	(5,504)
Interest payable	10	6,751	4,646
Endowment income	6	(607)	(1,289)
Loss on sale of fixed assets		(917)	98
Capital grant income		(40,584)	(37,096)
<b>Net cash inflow from operating activities</b>		<b>184,206</b>	<b>261,345</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		1,815	88
Proceeds from sales of non-current asset investments		2,699	27,106
Capital grants receipts		46,287	71,935
Investment income received		3,750	1,407
Endowment income received		3,220	2,878
Payments made to acquire fixed assets		(260,695)	(283,747)
Payments made to acquire intangible assets		(14,647)	(11,781)
New non-current asset investments		(2,047)	(33,775)
Repayments from loans to associate companies		75	652
		<b>(219,543)</b>	<b>(225,237)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(7,507)	(2,831)
Interest element of finance lease and service concession payments		-	(2,082)
Endowment cash received		607	1,289
New unsecured loans		-	290,250
Repayments of amounts borrowed		(3,910)	(3,805)
Dividend distribution to Non-Controlling Interest		(124)	-
		<b>(10,934)</b>	<b>282,821</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<b>(46,271)</b>	<b>318,929</b>
Cash and cash equivalents at beginning of the year		601,014	282,085
Cash and cash equivalents at end of the year		<b>554,743</b>	<b>601,014</b>
		<b>(46,271)</b>	<b>318,929</b>

UNIVERSITY COLLEGE LONDON  
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## STATEMENT OF ACCOUNTING POLICIES

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### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP 2019) and in accordance with Financial Reporting Standard FRS 102. UCL is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investments.

#### Going Concern

The University considers the most appropriate going concern period to be to 31 July 2024, which is beyond 12 months from the approval of these financial statements and extends to the end of the subsequent financial year.

#### Financial Performance and the 31 July 2022 year-end position

In the financial year to 31 July 2022, the University made a surplus of £90.6m before non-cash movements on the USS pension provision and unrealised gains on consolidation (2021: £128.3m). At the balance sheet date of 31 July 2022 the University held net debt - an excess of debt over liquid cash - of £34m (2021: excess cash of £8m), cash and cash-equivalents stood at £554.8m (2021: £601.0m) and net current assets were £0.6m (2021: £73.4m).

#### Forecasting through the going concern period

UCL's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating and Financial Review. The financial position of UCL, its cash flows and liquidity position are also described there. UCL has considerable financial resources, along with funding from funding councils, research grants and other teaching contracts across different geographic areas and industries. As a consequence, Council believes that UCL remains well placed to manage its risks successfully, and has a reasonable expectation that it has adequate resources to continue in operational existence to at least 31 July 2024. The financial statements have therefore been prepared on a going concern basis.

In reaching this conclusion, Council has considered the continuing challenges and risks faced by UCL and the sector as a whole as a result of the Covid pandemic. Detailed assessment has been made of the University's activities, principal risks and uncertainties in the context of the current operating environment, and this has included: specific assessment of the impact of rising inflation, scenario planning, review of forecast liquidity and covenant levels and the determination of potential mitigation.

As at the date of this report, the financial outlook for the University is challenging. Performance for the 2021/22 financial year (an operating surplus of £91m or 5.2% of income) is an encouraging sign of UCL's financial resilience through the pandemic, but it is also clear that this level of performance will become increasingly difficult to maintain through a period of steeply rising inflation without targeted intervention.

UCL's response is already underway however: the University is in the process of resetting its financial strategy, reforming its internal financial model and establishing savings targets for all areas of the organisation. The core focus of these measures – to come into effect from the 2023/24 financial year onwards - is to protect the level of investment required to support UCL's strategic priorities over the next five years.

Enrolment data taken at the mid-October 2022 census date, also indicates that recruitment targets will be exceeded for full-time undergraduates and for post-graduate taught students. In both cases, targets are broadly flat in comparison to prior year, reflecting the need to actively manage student numbers in light of significant growth over recent years.

Application statistics for the 2022 undergraduate admissions cycle indicate that this strong performance will continue. Total applications received by the first UCAS deadline of 15 October stood at 25,821 and whilst this is marginally (3.3%) down on 2021, last year's comparator did represent an increase of 8.9% in relation to the same point in 2020.

Whilst it is acknowledged that a great deal of uncertainty still remains within the sector and within UCL's finances, this outcome on 2022 enrolment adds a level of confidence to UCL's financial planning as we enter another period of increasing cost pressure and significant financial uncertainty.

UCL's current base case reflects those pressures. Whilst it projects that the operating surplus for the upcoming financial year will be kept broadly consistent with 2021/22, it anticipates a fall in 2023/24 as the full effect of rising inflation comes through. This base case incorporates actual results for the 2021/22 financial year, the University's approved budget for 2022/23, and the output of detailed 'strategic modelling' developed in support of a new five year financial strategy (2022 to 2027).

# UNIVERSITY COLLEGE LONDON

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### STATEMENT OF ACCOUNTING POLICIES

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Under this base case, the operating surpluses for 2022-23 and 2023-24 are £86m and £49m respectively. Net operating cashflow for those two years is forecast at a positive £170m and £155m.

The University has also considered a 'plausible downside' scenario to stress test UCL's going concern status and enable Council to assess the adequacy of its current financial resources in the event of a downturn within the going concern period. This scenario assumes a material crystallisation of identified risks, without mitigation through the realisation of tracked opportunities, and is therefore judged to be at the lowest plausible boundary of UCL's financial planning assumptions. The additional risks built into this scenario primarily include continued inflationary pressure on utilities prices (an impact of £21.9m across the two financial years in question) and failure to deliver targeted levels of cost savings (£31.4m). In total, the quantified risk attributable to each of the two financial years is £31m in 2022-23 and £40m in 2023-24.

Under the plausible downside, operating surpluses for 2022-23 and 2023-24 reduce to £54.6m and £9.1m respectively, although net operating cash flow remains sound at £139.2m and £115.0m. Year-end cash stands at £500m and £398m without further draw against existing debt facilities, and UCL remains compliant with all financial covenants.

#### Financing arrangements through the going concern period

As at 31 July 2022, UCL's debt financing totalled £589.2m, which comprised £280m of drawdown against the University's credit facility with the EIB, £13.5m of outstanding balances on legacy loans held with Barclays Bank and Royal Bank of Scotland and £290.9m (face value less issue discount) due under UCL's £300m, 40 year, sustainability bond issued in June 2021.

UCL has also retained its £150m revolving credit facility (RCF) with NatWest, which provides rolling access to a maximum of £150m over a maximum 7 year term to January 2027. As at the date of this report, nothing had been drawn against the facility and there is no projected draw over the going concern period to 31 July 2024.

The Office for Students (OfS) requires that universities have access to a minimum liquidity of 30 days operating expenditure. It is a reportable event to the OfS if it is reasonably likely this is not the case. This equates to a minimum cash balance for the University of £127m. As the University held £555m at the end of the 2021-22 financial year, is projecting net operating cash inflows over the next two years of £170m and £155m and has access to a further £150m of headroom under its RCF, there is minimal risk of breaching this requirement over the going concern period.

#### Covenants

The University complied with all covenant requirements for existing borrowing at 31 July 2022 and forecasts headroom in its covenant compliance at 31 July 2023 and 31 July 2024.

An exercise has been undertaken to establish the conditions necessary for UCL to breach its financial covenants, however the core requirement - that operating cash flow falls by £135.9m (79%) to £34.5m - represents an outcome significantly beyond UCL's 'plausible downside' and is judged to be outside the required scope of UCL's range of detailed planning scenarios.

#### Covenant Transition

As at the date of these financial statements, UCL is in the process of transitioning its current suite of metric based financial covenants with the EIB to a 'loss of rating' covenant, which will require the University to maintain its public credit rating to within an agreed range. This new provision is expected to come into force during the going concern period.

For the purposes of this year's going concern assessment, UCL's base case and plausible downside scenarios have been fed through a model of the Moody's credit rating scorecard in order to project out individual ratings for the various financial metrics that the scorecard includes. Under the Moody's methodology, these category ratings aggregate up and are combined with a number of other non-financial metrics to inform overall credit score.

Under the base case, and with reference to the going concern period, the extent of any projected changes (from current) in the rating of individual metrics is minimal, supporting the principle that UCL would retain its AA3 rating. Under the plausible downside, two metrics would be seen to deteriorate: cash and investments as a proportion of operating expenditure and EBIDA margin (carrying a combined scorecard weighting of 25%). All other metrics would remain static however, at levels inherent in UCL's existing AA3 rating, and in aggregate therefore this scenario does not indicate a material risk of breach.

UNIVERSITY COLLEGE LONDON  
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## STATEMENT OF ACCOUNTING POLICIES

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As with the existing EIB covenants, the circumstances that would give rise to a shift across all relevant metrics on a scale that was sufficient to bring about a breach is judged to be outside the scope of UCL's range of detailed planning scenarios.

### Further Mitigating Actions

The University will continue to maintain tight control over its expenditure and the monitoring of its activities in relation to teaching and research to identify any further potential risks to income. Opportunities are also being monitored so that action can be taken, where necessary, to ensure they are realised. At present, potential upsides to the 2022/23 financial year include an increased proportion of overseas post-graduate taught students (£18m) and increases to UCL's allocation of recurrent funding from Research England (£3m).

### Conclusion

The University has carefully considered the financial forecasting outlined above, the level of available financing, the performance of reverse stress tests and level of forecast covenant compliance. In light of this, Council has concluded that there is reasonable expectation that the University and Group has adequate resources to continue in operational existence for the going concern period. Therefore, the Council continue to adopt the going concern basis of accounting in preparing the Financial Statements.

## 2. Exemptions under FRS 102

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. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries (collectively referred to as 'the Group') for the financial year to 31 July 2022. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

## 4. Income recognition

Income from the sale of goods or services is credited to the consolidated statement of income when the goods or services are supplied or the terms of the contract have been satisfied.

Tuition fee income is stated gross of any expenditure which is not a discount or fee waiver and credited to the consolidated statement of income over the period in which students are studying. Bursaries and scholarships are accounted for gross, as expenditure, and are not deducted from income.

Investment income is credited to the consolidated statement of income on a receivable basis.

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

### Grant funding

Grant funding including funding council block grants, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

UNIVERSITY COLLEGE LONDON  
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## STATEMENT OF ACCOUNTING POLICIES

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### Capital grants

Government capital grants are recognised in income over the expected useful life of the purchased asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met.

### Donations and endowments

Donations and endowments are a subset of non-exchange transactions that may have restrictions on use and, in the case of donations, may also have performance-related conditions attached. In all cases, income is recognised at the point UCL is entitled to the funds.

Donations and endowments without performance-related conditions are recognised as income on receipt or, where relevant, at the point at which an agreement to donate or create an endowment is formally entered into.

Donations with performance-related conditions (such as those intended to fund scholarships and academic Chairs) are recognised as income as the respective performance-related conditions are met.

Income relating to donations and endowments with donor imposed restrictions is initially retained within the restricted reserve and is released to general reserves, via a reserve transfer, as the funds are expended in line with their restricted purpose.

Donations with no restrictions are recognised immediately in general reserves, subject to entitlement.

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

There are four main types of donations and endowments identified within reserves:

1. Restricted donations: where the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments: where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments: where the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments: where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### 5. Accounting for retirement benefits

The Group contributes to three principal pension schemes on behalf of its employees: the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the National Health Service (NHS) Pension Scheme. Contributions were also made to the UCL (Former Medical Schools) Pension Scheme (UFMS).

The USS, SAUL and NHS pension schemes are multi-employer, defined benefit schemes for which it is not possible to identify UCL's share of the underlying assets and liabilities due to their mutual nature. These schemes are therefore accounted for as defined contribution schemes. A liability is also recorded within provisions for contractual commitments to fund past deficits within the USS scheme.

The UFMS is a single-employer defined benefit scheme and is accounted for as such. The scheme is funded, with assets held separately from those of the Group in trustee administered funds.

### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## STATEMENT OF ACCOUNTING POLICIES

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### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, an employer's obligation is to provide the agreed benefits to current and former employees, such that actuarial risk surrounding the cost of benefits, and investment risk surrounding the return on assets set aside to fund those benefits are borne, in substance, by the employer. The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which UCL is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### 6. Employment benefits

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

### 7. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease, and the corresponding lease liabilities, are initially recognised 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.

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

### 8. Operating leases

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

### 9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 translated into sterling at year end rates, with foreign exchange differences arising on translation recognised in Surplus or Deficit. Where funds are held in foreign currency for onward transmission to a research partner under an agency agreement, both the cash asset and corresponding liability are translated into sterling, such that the exchange differences arising are wholly offset in the Consolidated Statement of Comprehensive Income and Expenditure.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, Sterling, at the rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## STATEMENT OF ACCOUNTING POLICIES

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### 10. Fixed assets

Fixed assets that are purchased or constructed by the Group are stated at cost less accumulated depreciation and accumulated impairment losses. For fixed assets that are acquired through donation or via the exchange of non-monetary consideration, fair value is used as a proxy for cost.

Items of land that had been revalued to fair value on the date of transition to SORP 2015 are measured on the basis of deemed cost, being the revalued amount at 31 July 2014.

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

#### Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years.

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 and are depreciated as follows:

Major refurbishments	20 years
Fixtures and fittings	10 years

Buildings held on long leasehold are depreciated over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

#### Equipment

Equipment, including computer equipment, costing less than £25,000 is recognised as expenditure in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Equipment funded by research grants	Term of grant
Other equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each year end.

#### Borrowing costs

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

### 11. Heritage assets

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets acquired on or after 1st July 2006 and valued at over £25,000 are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets acquired prior to 1st July 2006 have not been capitalised due to the difficulty and cost of attributing a reliable cost or value to them.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.



UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## STATEMENT OF ACCOUNTING POLICIES

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### 12. Intangible assets and Goodwill

Intangible assets, excluding goodwill, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Purchased software and software development is capitalised where the cost exceeds a de minimis threshold of £25,000 and, in the case of software development, where existing functionality is enhanced. These assets are subject to periodic impairment reviews as appropriate, and are amortised over an estimated economic life of 10 years.

Costs associated with the research phase of an internal software development project and any subsequent training activity are expensed as incurred.

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition.

Where a combination is transacted at nil or nominal consideration such that it does not represent a fair value exchange, the combination is deemed to be in substance a gift. Negative goodwill, arising on the excess of the fair value of the assets received over the fair value of the liabilities assumed, is recognised as a gain in the Statement of Comprehensive Income in the financial year or years where UCL is expected to benefit from the negative goodwill.

### 13. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

### 14. Investments

Endowment asset investments and fixed asset investments in listed securities are stated at market value. Subsidiary and associate company investments are stated at cost less provision for impairment.

Non-listed, non-current asset investments are held in the Balance Sheet at amortised cost less impairment. Current asset investments are held at amortised cost and are subject to annual impairment review.

### 15. Financial Instruments

UCL has elected to apply the provisions of Section 11 and Section 12 of FRS102 in full when accounting for financial instruments.

Financial assets and liabilities are recognised only when UCL becomes party to the contractual provisions of the instrument. Initial measurement is either at the transaction price or, where appropriate, at fair value. Initial measurement also includes transaction costs, except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss.

Financial assets and liabilities that arise as a result of a financing transaction are measured initially at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement is at amortised cost, except where the instrument is measured at fair value through profit and loss, in which case the instrument is revalued annually using an appropriate revaluation technique.

### 16. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

UNIVERSITY COLLEGE LONDON  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## STATEMENT OF ACCOUNTING POLICIES

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### 17. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset, the existence of which will only be confirmed by the occurrence of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### 18. Accounting for Jointly Controlled Entities and Associates

The University accounts for its share of jointly controlled entities and associates at cost.

In the consolidated accounts, the Group accounts for its share of jointly controlled entities and associates using the equity method. The Group's share of the results of jointly controlled entities and associates is shown each year in the Statement of Comprehensive Income and the Group's share of gross assets and liabilities is incorporated in a single line in the Balance Sheet.

### 19. Taxation

UCL is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and is therefore potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

UCL's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

### 20. Reserves

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

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

UNIVERSITY COLLEGE LONDON  
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## NOTES TO THE ACCOUNTS

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	173,718	173,718	192,873	192,873
Full-time international students	512,515	512,515	440,834	440,834
Part time students	25,959	25,959	23,596	23,596
Other fees	25,591	25,591	23,387	23,387
Research training support grants	40,668	40,668	35,615	35,615
Short course fees	16,415	16,415	16,567	16,567
	<b>794,866</b>	<b>794,866</b>	<b>732,872</b>	<b>732,872</b>

## 2 Funding body grants

### Recurrent grant

#### Office for Students:

Teaching	28,209	28,209	33,489	33,489
Other	142	142	523	523

#### Research England:

Research	159,250	159,250	162,302	162,302
Other	2,537	2,537	938	938

### Specific grants

#### Higher Education Innovation Fund

Capital grants	5,714	5,714	4,861	4,861
	<b>24,894</b>	<b>24,894</b>	<b>19,277</b>	<b>19,277</b>
	<b>220,746</b>	<b>220,746</b>	<b>221,390</b>	<b>221,390</b>

Capital grant funding is received in support of both infrastructure projects and major equipment purchases. In line with UCL's adopted accounting policy for capital government grants (the accruals model), such funding is initially deferred within creditors and recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates. Total capital funding received from Research England in the financial year was £17,097,918 (2021 - £19,168,900). Total capital funding received from Office for Students in the financial year was £30,000 (2021 - £2,421,236).

## 3 Research grants and contracts

Research councils	170,374	170,374	149,078	149,078
UK based charities	154,433	154,433	141,395	141,395
UK central government, local/health authorities, hospitals	70,203	70,203	64,790	64,710
UK industry, commerce and public corporations	14,752	14,752	18,114	17,910
EU government bodies	41,492	41,492	40,520	40,520
EU other	6,870	6,870	7,035	7,035
Other overseas	49,798	49,798	37,429	37,151
Other sources	16,968	16,968	18,517	17,899
	<b>524,890</b>	<b>524,890</b>	<b>476,878</b>	<b>475,698</b>

Income from research grants and contracts includes deferred capital grants released in the year of £12,327,769 (2021 - £13,815,893)

## 4 Other income

Residences, catering and conferences	49,635	47,233	20,759	20,692
Other revenue grants	1,771	1,771	3,867	3,867
Other capital grants	548	548	558	558
Other services rendered	67,679	58,320	52,395	47,170
Health authorities	37,504	37,504	36,195	36,195
HS2 compensation	-	-	621	621
Other income	24,701	18,078	31,580	19,408
	<b>181,838</b>	<b>163,454</b>	<b>145,975</b>	<b>128,511</b>

Other income in the year includes £4.8m of royalty income from UCL Business (2021 - £5.6m). In 2021, Other income included £3.6m of furlough income. No furlough income was received in 2022. In 2021, the final receivable of HS2 compensation from the Department for Transport was recognised.

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		Year Ended 31 July 2022		Year Ended 31 July 2021	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>5 Investment income</b>					
Investment income on expendable endowments	24	2,571	2,571	2,312	2,312
Investment income on permanent endowments	24	650	650	567	567
Other investment income		3,717	3,216	2,759	2,587
		<b>6,938</b>	<b>6,437</b>	<b>5,638</b>	<b>5,466</b>
<b>6 Donations and endowments</b>					
New endowments	24	607	607	1,289	1,289
Donations with restrictions		20,009	20,009	22,118	22,118
Unrestricted donations		1,885	3,487	3,291	4,342
		<b>22,501</b>	<b>24,103</b>	<b>26,698</b>	<b>27,749</b>
<b>7 Grant and fee income</b>					
The source of grant and fee income, included in notes 1 to 4 is as follows:					
Grant income from the OfS		28,719	28,719	34,128	34,128
Grant income from other bodies		679,070	679,070	629,651	629,651
Fee income for taught awards (exclusive of Vat)		680,046	680,046	628,938	628,938
Fee income for research awards (exclusive of Vat)		47,314	47,314	40,675	40,675
Fee income from non-qualifying courses (exclusive of Vat)		67,495	67,495	63,258	63,258
		<b>1,502,644</b>	<b>1,502,644</b>	<b>1,396,650</b>	<b>1,396,650</b>
<b>8 Staff costs</b>					
Salaries and wages		731,150	724,010	695,652	688,023
NI contributions		75,947	75,091	69,334	68,578
Other Pension costs	33	131,472	130,110	120,851	119,684
		<b>938,569</b>	<b>929,211</b>	<b>885,837</b>	<b>876,285</b>
Movement on USS provision		330,110	329,445	(2,673)	(2,628)
		<b>1,268,679</b>	<b>1,258,656</b>	<b>883,164</b>	<b>873,657</b>

### Emoluments of the President and Provost:

#### Michael Spence

	2022 £	2021 £
Basic salary	370,677	204,226
Employer pension contributions	79,388	43,092
Taxable benefits in kind	45,384	69,469
Non-taxable benefits in kind	-	8,000
Other remuneration	-	20,000
	<b>495,449</b>	<b>344,787</b>

Dr. Michael Spence's term as President and Provost commenced on 11 January 2021. As such, reported remuneration for the prior financial year relates to a part period only (201 days), whereas the 2021-22 disclosure represents a full financial year.

The Provost's total emoluments in the prior year also included certain non-recurring payments designed to support him in his relocation from Australia. These included £24,927 of taxable relocation costs, £8,000 of non-taxable relocation costs and a one-off relocation supplement of £20,000. All of these allowances were subject to, and granted in line with, standard UCL policy for international relocations.

Within the current financial year, the President and Provost's basic salary includes a total London Allowance of £3,461 (2020-21: £1,747) and the category of taxable benefits in kind wholly relates to the provision of living accommodation.

As has been the case with previous President and Provosts, UCL will provide living accommodation to Dr. Spence over the course of his term in order to best support the performance of his duties. In line with current tax treatment, this is classified as a taxable benefit and the total £45,384 represents his occupation of a Bloomsbury based residence.

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The benefit value attached to the residence is based on a proportion of the original acquisition and fit out costs plus the cost to UCL of maintaining the property within the year. As at the 2022 year-end date, the gross Market Rent of the property - as prepared in accordance with the requirements of the RICS Valuation - Global Standards 2017 was £38,740 (2020-21: £37,180).

In relation to all other UCL employees (on a full FTE basis):

The President and Provost's basic salary is 8.4 times (2020-21: 8.4 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the basic salaries paid by UCL to its staff.

The President and Provost's total remuneration is 9.5 times (2020-21: 10.9 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for total remuneration paid by UCL to its staff. As noted above however, the Provost's total salary for 2020-21 also included £52,927 in non-recurring relocation costs. If these are excluded, the prior year comparator is 9.9 times the median total remuneration of staff, where the median total remuneration is calculated on the same basis.

Michael Arthur	2022 £	2021 £
Basic salary	-	206,879
Employer pension contributions	-	3,330
Taxable benefits in kind	-	9,757
Non-taxable benefits in kind	-	-
Other remuneration	-	25,000
	-	244,966

On 11 January 2021, Professor Michael Arthur stepped down as UCL's President and Provost after seven years in the role. His term of employment concluded shortly afterwards on 8 February 2021 following a three week handover with Dr. Michael Spence. No amounts were paid or payable to Michael Arthur in the current financial year.

For the 2020-21 financial year, Michael Arthur's basic salary included an exceptional payment of £14,020. This was paid in March 2021 as reimbursement for a 2020-21 tax charge that arose following HM Revenue & Customs' decision to treat (previously exempt) employer-provided accommodation as a taxable benefit across the sector. Basic salary also included a total London Allowance of £1,600.

With regard to employer pension contributions, Michael Arthur had opted into a salary sacrifice arrangement under which UCL paid the minimum level of employer contribution required for him to retain certain benefits (including death in service insurance) within the USS Pension Scheme.

Taxable benefits in kind represented UCL's contribution towards Michael Arthur's annual health insurance premium and the provision of living accommodation within the Bloomsbury campus. Prior to the 2019-20 tax year, this accommodation had been regarded by HM Revenue and Customs (HMRC) as a non-taxable benefit. In February 2019 HMRC revised its position and confirmed that, from April 2019 onwards, the provision of such accommodation would be considered taxable.

The value of the benefit reflected the methodology agreed with HMRC and is based on a proportion of the original purchase price plus the cost to UCL of maintaining the property within the year. As at the 2021 year-end date, the gross Market Rent of the property - as prepared in accordance with the requirements of the RICS Valuation - Global Standards 2017 was £80,600.

Other remuneration reflected a payment of £25,000, made in March 2021 and relating to a request from UCL for Michael Arthur to remain in post and temporarily defer his retirement to support the University through the Covid-19 crisis. This was the second and final instalment under the agreement, following an earlier payment of equal value in July 2020.

In relation to all other UCL employees (on a full FTE basis):

Michael Arthur's basic salary in 2020-21 was 8.8 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the basic salaries paid by UCL to its staff.

Michael Arthur's total remuneration in 2020-21 was 8.2 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for total remuneration paid by UCL to its staff.

### Setting of the President and Provost's remuneration

The Provost's salary is set and adjusted by the Remuneration and HR Strategy Committee: a formal committee of UCL that includes the Chair and Vice-Chair of Council and excludes the Provost. As part of this process committee members consider external market data, focussing on other large Russell Group institutions. Data is received from a variety of sources including UCEA, KornFerry and CUC amongst others. Alongside this, to ensure fairness, committee members will also consider the salary metrics for UCL staff. Most notably they consider the median pay award in the respective year and the relationship between the median and lowest earners at UCL and the Provost's salary.

At present external data suggests that the Provost's salary and total remuneration is in line with the upper quartile for the Russell Group. Considering UCL's size, academic ranking, central London location and financial turnover in excess of £1.5 billion, the upper quartile is viewed as an appropriate benchmark.

Contractually, the Provost does not receive any automatic salary progression. Any agreed performance-related award is determined independently of the national pay award, but has in recent years been influenced by the level of automatic increase applied to other staff salaries. This performance assessment considers a set of leadership objectives, including the overall academic performance of the institution.

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### Remuneration of higher paid staff:

In line with disclosure requirements set out in the Office for Students' Accounts Direction for accounting periods beginning on or after 1 August 2019, the following table shows the basic salaries of higher paid staff, including the President and Provost, on a full-time equivalent basis. Basic salary includes market supplements, but excludes bonus payments, allowances, clinical excellence awards and other such payments.

	2022 No.	2021 No.
£100,000 - £104,999	190	129
£105,000 - £109,999	113	142
£110,000 - £114,999	86	170
£115,000 - £119,999	176	41
£120,000 - £124,999	32	28
£125,000 - £129,999	41	43
£130,000 - £134,999	29	35
£135,000 - £139,999	31	18
£140,000 - £144,999	18	11
£145,000 - £149,999	8	8
£150,000 - £154,999	20	14
£155,000 - £159,999	7	15
£160,000 - £164,999	11	7
£165,000 - £169,999	8	8
£170,000 - £174,999	9	13
£175,000 - £179,999	7	5
£180,000 - £184,999	8	3
£185,000 - £189,999	2	3
£190,000 - £194,999	2	-
£195,000 - £199,999	3	4
£200,000 - £204,999	4	4
£205,000 - £209,999	2	2
£210,000 - £214,999	-	2
£215,000 - £219,999	2	1
£220,000 - £224,999	3	3
£225,000 - £229,999	1	2
£230,000 - £234,999	2	-
£235,000 - £239,999	3	1
£240,000 - £244,999	-	1
£260,000 - £264,999	1	-
£265,000 - £269,999	1	1
£270,000 - £274,999	1	-
£290,000 - £294,999	-	1
£295,000 - £299,999	-	1
£345,000 - £349,999	1	-
£370,000 - £374,999	1	-
£380,000 - £384,999	-	1
£385,000 - £389,999	1	-
	<b>824</b>	<b>717</b>

Included within the table above are 206 members of staff (2021 - 179) who were employed by UCL on a part time basis and for whom basic salaries have been factored up to reflect full time equivalents.

The average number of individuals paid through the payroll during the year was 16,215 (2021 - 15,205).

Compensation for loss of office in respect of 411 employees totalled £2,821,399 (2021 - £3,970,859 in respect of 348 employees).

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### Key management personnel

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

Key management personnel for the UCL Group are defined as follows:

**Members of UCL Council:** The ultimate governing body that oversees the management and administration of UCL and is responsible for the approval of UCL's mission and strategic vision as well as its long term academic and business plans.

**The President and Provost:** The principal academic and administrative officer of UCL, responsible for providing the leadership necessary to ensure that UCL operates in line with a clear strategic direction and that its activities are properly resourced.

**UCL Vice-Presidents and Vice-Provosts:** Members of the President and Provost's senior management team, responsible for leading development and delivery of both strategy and operations in their respective areas of authority.

**Directors of consolidated Group entities:** Directors of the subsidiary undertakings set out in note 32.

	2022 £'000	2021 £'000
Key management personnel compensation	3,243	3,217
Number of key management personnel included in above	21	24

### Council members

The University's Council members are the trustees for charitable law purposes.

No trustee has received any remuneration from the group during the year (2021 - £nil). Seven trustees are also UCL employees but received no additional payment for acting as trustees. Total expenses paid to or on behalf of two trustees was £1,631 (2021 - £174 to three trustees). This represents travel, accommodation and office expenses incurred in the capacity of Council member.

9 Other operating expenses	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences and catering	40,117	36,374	33,821	31,204
Furniture, computer and other equipment costs	68,528	67,352	55,734	54,949
Academic consumables and laboratory expenditure	53,777	53,359	48,999	48,779
Books, publications and periodicals	18,047	18,013	18,213	18,199
Scholarships and prizes	86,668	86,625	89,355	89,347
General educational expenditure	9,985	9,985	9,279	9,279
Rents, rates and insurance	33,923	33,609	31,229	30,900
Heat, light, water and power	23,336	23,329	16,355	16,341
Service charges	10,654	10,601	12,188	12,114
Repairs and general maintenance	25,627	25,619	17,877	17,877
Long term maintenance	6,660	6,660	2,687	2,687
Telephone	3,409	3,400	2,701	2,686
Advertising and recruitment	8,268	8,021	7,279	7,077
Printing, postage, stationery and other office costs	4,062	4,009	3,711	3,667
Conference, travel and training	24,184	23,958	8,395	8,455
Professional fees	47,111	47,144	49,571	39,404
Audit fees	568	382	561	491
Other fees paid to auditors	-	-	89	89
Grants to Students Union and other student bodies	4,124	4,124	2,951	2,951
Payments to non contract staff and agencies	41,023	40,486	38,154	37,926
Other costs	90,731	88,355	69,385	64,340
	<b>600,802</b>	<b>591,405</b>	<b>518,534</b>	<b>498,762</b>

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	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>10 Interest and other finance costs</b>				
Loan interest	6,861	6,780	3,227	3,227
Finance lease interest	-	-	1,808	1,808
Exchange differences	(110)	112	(386)	375
	<b>6,751</b>	<b>6,892</b>	<b>4,649</b>	<b>5,410</b>
Unwinding of pension deficit funding	1,947	1,944	1,641	1,638
	<b>8,698</b>	<b>8,836</b>	<b>6,290</b>	<b>7,048</b>

£6,372,800 of EIB loan interest was capitalised in the year (2021 - £6,372,880). It is sitting in fixed assets under 'Assets in the Course of Construction', in note 15.

## 11 Analysis of total expenditure by activity

Academic departments	579,918	579,976	557,613	538,037
Academic services	98,054	98,055	97,378	97,378
Research grants and contracts	428,385	428,385	387,803	386,742
Residences and catering	46,956	43,213	43,088	40,471
Premises	207,340	207,340	176,862	176,862
Administration and central services	252,752	254,335	216,054	217,523
Other expenses	374,940	357,576	31,650	24,863
	<b>1,988,345</b>	<b>1,968,880</b>	<b>1,510,448</b>	<b>1,481,876</b>

In 2021-22 financial year a revised USS deficit recovery plan was agreed by participating employers, this resulted in a significant increase to the value of UCL's provision as well as a subsequent £332m debit to other expenses. The previous recovery plan was in force as at the 2020-21 year-end date and, with only a marginal change in the value of the provision recognised in 2020-21, the equivalent impact of the prior financial year was a £1m credit.

## 12 Access and participation

UCL has an access and participation plan which has been approved by the Office for Students. Expenditure relating to the access and participation plan, included in notes 8 and 9 is as follows:

	Year Ended 31 July 2022		31 July 2021	
	Staff costs	Other operating expenses	Total	Total
	£'000	£'000	£'000	£'000
Access Investment	1,519	918	2,437	2,515
Financial Support	39	7,530	7,569	10,063
Disability Support	1,025	642	1,667	1,538
Research and Evaluation	201	91	292	311
	<b>2,784</b>	<b>9,181</b>	<b>11,965</b>	<b>14,427</b>

Staff costs above are included in the overall figures for staff costs included in the financial statements, see note 8.

Other operating expenses above are included in the overall figures for other operating expenses included in the financial statements, see note 9.

The UCL 2021-21 access and participation plan can be found at:

[https://www.ucl.ac.uk/widening-participation/sites/widening\\_participation/files/universitycollegelondon\\_app\\_2020-21\\_v1\\_10007784.pdf](https://www.ucl.ac.uk/widening-participation/sites/widening_participation/files/universitycollegelondon_app_2020-21_v1_10007784.pdf)



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13 Taxation	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Taxation charges and credits are in respect of corporation tax in the following subsidiary companies:				
UCL Properties Limited	5	-	-	-
UCL Trading Limited	126	-	(1)	-
UCL Consultants Limited	79	-	15	-
UCLB Investments Limited	(6)	-	-	-
Bloomsbury Bioseed Fund Limited	59	-	-	-
	<b>263</b>	<b>-</b>	<b>14</b>	<b>-</b>

14 Intangible assets	Year Ended 31 July 2022	
	Consolidated £'000	University £'000
<b>Software</b>		
<b>Cost</b>		
At 1 August 2021	53,666	53,666
Reclassification to fixed assets	(1,025)	(1,025)
Additions at cost	14,647	14,647
Disposals	-	-
<b>At 31 July 2022</b>	<b>67,288</b>	<b>67,288</b>
<b>Amortisation</b>		
At 1 August 2021	11,096	11,096
Charge for the year	4,045	4,045
Disposals	-	-
<b>At 31 July 2022</b>	<b>15,141</b>	<b>15,141</b>
<b>Net Book Value</b>		
<b>At 31 July 2022</b>	<b>52,147</b>	<b>52,147</b>
At 1 August 2021	42,570	42,570

Intangible assets relate to the purchase of software and software development costs.

The amortisation period of intangible assets is 10 years.

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### 15 Fixed assets

Consolidated	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Equipment, plant and machinery £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>					
At 1 August 2021	1,971,282	641,658	325,108	396,214	3,334,262
Reclassification from intangible assets	-	-	-	1,025	1,025
Disposal of fully depreciated assets	-	-	(48,753)	-	(48,753)
Additions at cost	3,374	4,298	36,383	228,713	272,768
Transfers	11,835	5,534	13,882	(31,251)	-
Reclassifications	-	-	-	-	-
Impairments	-	-	-	-	-
Disposals	(2)	(1,429)	(7,575)	-	(9,006)
<b>At 31 July 2022</b>	<b>1,986,489</b>	<b>650,061</b>	<b>319,045</b>	<b>594,701</b>	<b>3,550,296</b>
<b>Depreciation</b>					
At 1 August 2021	453,108	248,844	240,930	-	942,882
Disposal of fully depreciated assets	-	-	(48,753)	-	(48,753)
Charge for year	47,483	22,661	35,977	-	106,121
Reclassifications	-	-	-	-	-
Disposals	(1)	(1,021)	(6,870)	-	(7,892)
<b>At 31 July 2022</b>	<b>500,590</b>	<b>270,484</b>	<b>221,284</b>	<b>-</b>	<b>992,358</b>
<b>Net book value At 31 July 2022</b>	<b>1,485,899</b>	<b>379,577</b>	<b>97,761</b>	<b>594,701</b>	<b>2,557,938</b>
At 31 July 2021	1,518,174	392,814	84,178	396,214	2,391,380

University	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Equipment, plant and machinery £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>					
At 1 August 2021	1,971,282	640,558	323,683	396,214	3,331,737
Reclassification to intangible assets	-	-	-	1,025	1,025
Disposal of fully depreciated assets	-	-	(48,753)	-	(48,753)
Additions at cost	3,374	4,231	36,326	228,713	272,644
Transfers	11,835	5,534	13,882	(31,251)	-
Reclassifications	-	-	-	-	-
Impairments	-	-	-	-	-
Disposals	(2)	(1,429)	(7,484)	-	(8,915)
<b>At 31 July 2022</b>	<b>1,986,489</b>	<b>648,894</b>	<b>317,654</b>	<b>594,701</b>	<b>3,547,738</b>
<b>Depreciation</b>					
At 1 August 2021	453,108	248,251	239,679	-	941,038
Disposal of fully depreciated assets	-	-	(48,753)	-	(48,753)
Charge for year	47,483	22,577	35,878	-	105,938
Reclassifications	-	-	-	-	-
Disposals	(1)	(1,076)	(6,774)	-	(7,851)
<b>At 31 July 2022</b>	<b>500,590</b>	<b>269,752</b>	<b>220,030</b>	<b>-</b>	<b>990,372</b>
<b>Net book value At 31 July 2022</b>	<b>1,485,899</b>	<b>379,142</b>	<b>97,624</b>	<b>594,701</b>	<b>2,557,366</b>
At 31 July 2021	1,518,174	392,307	84,004	396,214	2,390,699

The declared value of buildings for insurance purposes (day one basis) as at 1 August 2022 was £3.2bn (2021 - £2.9bn).

During 2021-22, UCL undertook an exercise to validate historic fully depreciated assets. As a result of this exercise £48.8m of fully depreciated historic equipment has been disposed of from UCL's fixed asset register, which the directors do not consider to be material. The net impact on UCL's prior year and current year net book value is £nil. Transfers from Assets in the course of construction include amounts related to prior years, which the directors do not consider to be material.

At 31 July 2022 freehold land and buildings included £686m (2021 - £686m) in respect of freehold land that is not depreciated, and £54m (2021 - £54m) in respect of leasehold land held on a 299 year lease.

At 31 July 2022 there were no assets held under finance leases (2021 - no assets held under finance leases).

Included in the cost of fixed assets is aggregated interest capitalised of £22.4m (2021 - £16.0m).

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### 16 Heritage assets

Since its foundation in 1826, UCL has acquired and established a number of significant collections of heritage assets representative of its interests in the arts, humanities, sciences and medicine. Many of the items contained therein are of international as well as national importance.

UCL's collections have made, and continue to make, a significant contribution to the furtherance of scholarship, promotion of innovation and the dissemination of knowledge for the public benefit.

The principal collections, acquired through a combination of donation, bequest, purchase and direct collection, are as follows:

**Petrie Museum of Egyptian Archaeology:** One of the greatest collections of Egyptian and Sudanese archaeology in the world, housing in excess of 80,000 artefacts that illustrate life in Nile Valley from prehistory onwards.

**UCL Art Museum:** A collection housing over 10,000 prints, drawings, sculptures, paintings and media works dating from the 1490s to the present day.

**Grant Museum of Zoology:** Founded in 1828 and now the only remaining university zoological museum in London, the collection houses around 68,000 specimens from across the animal kingdom including both endangered and extinct species.

Museums are open to the public, and special arrangements can be made to accommodate school visits as well as individual researchers.

UCL recognises that its status as a first class international university requires the adoption of internationally recognised standards of conduct in the acquisition, preservation, management and disposal of heritage assets, as well as meeting the requirements of United Kingdom legislation. Policies to ensure appropriate standards are maintained are set out in the Cultural Property Policy. UCL's Museums, Heritage and Cultural Property Committee is responsible for the oversight of all of UCL's activities in relation to heritage assets and for advising Council thereon.

There are no heritage assets capitalised in the balance sheet for the year ended 31 July 2022 as the volume of items, the elapsed time since acquisition and the information available on acquisition methods render the cost of identifying the appropriate accounting treatment disproportionate to the benefit to be derived by users of the financial statements. No additions in the year under review met the capitalisation threshold of £25,000.

### 17 Non-current investments

	Subsidiary companies £'000	Monies held on long term deposit £'000	Other investments £'000	Total £'000
<b>Consolidated</b>				
At 1 August 2021	-	30,004	285,715	<b>315,719</b>
Additions	-	-	2,347	<b>2,347</b>
Revaluations	-	-	(9,620)	<b>(9,620)</b>
Impairments	-	-	(84)	<b>(84)</b>
Disposals	-	-	(84)	<b>(84)</b>
At 31 July 2022	-	<b>30,004</b>	<b>278,274</b>	<b>308,278</b>
<b>University</b>				
At 1 August 2021	8,412	30,004	269,994	<b>308,410</b>
Additions	-	-	1,274	<b>1,274</b>
Revaluations	-	-	(4,816)	<b>(4,816)</b>
Impairments	-	-	(84)	<b>(84)</b>
Disposals	-	-	-	<b>-</b>
At 31 July 2022	<b>8,412</b>	<b>30,004</b>	<b>266,368</b>	<b>304,784</b>

Other investments are categorised as follows:

	Year ended 31 July 2022		Year ended 31 July 2021	
	Consolidated £m	University £m	Consolidated £m	University £m
Portfolio of fixed interest securities, equities and cash	<b>232.3</b>	<b>232.3</b>	235.7	235.7
Investment properties	<b>1.4</b>	-	1.5	-
Shares in The Francis Crick Institute Ltd	<b>33.6</b>	<b>33.6</b>	33.6	33.6
Credit facility fee	<b>0.2</b>	<b>0.2</b>	0.3	0.3
Shares in other limited companies and partnerships	<b>10.8</b>	<b>0.3</b>	14.6	0.4
	<b>278.3</b>	<b>266.4</b>	285.7	270.0

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Gains and losses on investments recognised in the Statement of Comprehensive Income and Expenditure are comprised as follows:

		Year ended 31 July 2022		Year Ended 31 July 2021	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Realised gains on disposal of investments		2,615	-	4,178	-
Gains on acquisitions and disposals of associates		1,917	-	14,446	-
Revaluation gains/(losses)		(7,560)	(4,723)	28,898	30,158
Total gain/(loss) on investments		(3,028)	(4,723)	47,522	30,158

Revaluation gains have been accounted for as follows:

Statement of Comprehensive Income and Expenditure		(7,560)	(4,723)	28,898	30,158
Creditors		(1,541)	(93)	1,198	589
Provisions	23	(519)	-	40	-
Total revaluation gains/(losses)		(9,620)	(4,816)	30,136	30,747

Revaluation gains included in creditors are in respect of investments held on behalf of third parties.

Revaluation gains and losses included in provisions are in respect of potential liabilities arising from revenue sharing arrangements with third parties.

### 18 Joint ventures

The UCL group has interests in the following joint ventures:

(a) **EuroTempest Limited** is a joint venture company of Benfield, Royal & Sun Alliance and UCL Business Plc. The company transforms weather forecasts and observations into the specific information required to make successful live risk management decisions. The company prepares accounts to 31 December, and accounts to 31 December 2021 plus management accounts to 30 June 2022 are included.

These joint venture investments are disclosed in the financial statements as follows:

	2022 £'000	2021 £'000
<b>Share of operating loss:</b>		
EuroTempest Limited	(1)	1
	(1)	1
<b>Share of taxation charge:</b>		
EuroTempest Limited	-	-
	-	-
<b>Share of reserves:</b>		
EuroTempest Limited	-	1
	-	1

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### 19 Associates

The UCL group has interests in the following associate companies:

(a) 36.77% holding in ordinary shares of **Analyst Limited**. The company has been set up to commercially exploit the discovery of a class of catalysts which can replace expensive platinum in a range of hydrogen-based energy technologies. The company prepares accounts to 30 April and accounts to 30 April 2022 plus management accounts to 31 July 2022 are included.

(b) 20.0% holding in the ordinary shares of **Blue Sky Imaging Limited**. The company has been set up to commercially exploit a novel technology for cloud identification and tracking for use in the meteorology and aviation sectors. The company prepares accounts to 31 October, and accounts to 31 October 2021 are included. Management accounts to 31 July 2022 are unavailable.

(c) 30.73% holding in **Domainex Limited** (2021 - 30.6%). The principal activity of the company is to exploit its technology platform in the field of protein domain hunting, gene expression and protein structure analysis. The company prepares accounts to 31 December, and accounts to 31 December 2021 plus management accounts to 31 June 2022 are included.

(d) 25.78% holding in ordinary shares of **Epilepsygtx Limited**. A new investment in 2021-22. The company has been established for the purpose of developing gene therapy treats for epilepsy. The company prepares accounts to 31 December and accounts to 31 December 2021 are included. Management accounts to 31 July 2022 are unavailable.

(e) 34.84% holding in the ordinary shares of **Glialign Limited**. The company has been set up to take forward the work of UCL academics in engineering live neural tissue to meet clinical needs. The company prepares accounts to 31 May and accounts to 31 May 2022 plus management accounts to 31 July 2022 are included.

(f) 25.99% holding in ordinary shares of **Helicon Health Limited**. The company provides a package of services for chronic condition management which includes web-based software, re-designed clinical service delivery, an accredited educational programme and a consulting service. The company prepares accounts to 31 July, accounts to 31 July 2021 are included. Management accounts to 31 July 2022 are unavailable.

(g) 36.6% holding in the ordinary shares of **LRG1 Limited**. The company has been set up to develop the use of leucine-rich alpha-2-glycoprotein-1 (LRG1) for ophthalmic conditions. The company prepares accounts to 31 December and accounts to 31 December 2021 plus management accounts to 31 July 2022 are included.

(h) 45.00% holding in ordinary shares of **Movement Metrics CIC**. The company carries out research and experimental development in social sciences and humanities. The company prepares accounts to 31 March, and accounts to 31 March 2021 are included. Accounts to 31 March 2022 are unavailable, as are management accounts to 31 July 2022.

(i) 40.0% holding in ordinary shares of **Neuroresponse CIC**. The company has been established for the purpose of offering expert assessment and advice to people with long term conditions. The company prepares accounts to 31 October, and accounts to 31 October 2021 plus management accounts to 31 July 2022 are included.

(j) **SoftV Limited** has ceased trading and is in the process of being wound down. The company was set up to explore the opportunity of creating healthcare games and applications, and the intention is that this activity will be continued in a new and separate vehicle. Final December 2021 accounts are included.

(k) 43.76% holding in the ordinary shares of **Sylus Pharmaceuticals Limited**. The company has been set up to commercialise the use of a naturally occurring protein GPI-PLD. The company prepares accounts to 31 March and accounts to 31 March 2021 are included.

(l) 44.17% holding in ordinary shares of **Trim Tots CIC**. The company has been established for the purpose of developing a community programme to provide a healthy lifestyle in pre-school children and their careers. The company prepares accounts to 28 February and accounts to 28 February 2021 are included. Management accounts to 31 July 2022 are unavailable.

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The investment in associates is disclosed in the financial statements as follows:

	2022 £'000	2021 £'000
<b>Share of operating (loss)/profit:</b>		
Abcodia Limited*	(1,299)	(42)
Amalyst Limited	-	(14)
Atocap Limited*	-	(69)
Domainex Limited	290	364
Glialign Limited	(4)	-
Helicon Health Limited	21	(65)
LRG1 Limited	(30)	-
Movement Metrics CIC	(1)	-
Neuroresponse CIC	243	19
SoftV Limited (Dissolved on 30 November 2021)	(1)	-
Sylus Pharmaceuticals Limited	-	64
TCR Materials Limited (Dissolved on 17 August 2021)	(4)	-
Trim Tots CIC	-	(1)
	<b>(785)</b>	<b>256</b>
<b>Share of taxation credit/(taxation charge):</b>		
Abcodia Limited*	-	-
Amalyst Limited	-	-
Domainex Limited	-	(20)
Neuroresponse CIC	-	(9)
Sylus Pharmaceuticals Limited	3	(9)
LRG1 Limited	28	28
	<b>31</b>	<b>(10)</b>
<b>Share of reserves:</b>		
Amalyst Limited	-	4
Blue Sky Imaging Limited	11	11
Domainex Limited	1,380	1,090
Glialign Limited	4	7
Helicon Health Limited	20	-
LRG1 Limited	-	3
Movement Metrics CIC	7	8
Neuroresponse CIC	296	50
Sylus Pharmaceuticals Limited	-	104
Trim Tots CIC	5	5
	<b>1,723</b>	<b>1,282</b>

\* The Group's shareholding in this entity reduced in the year and the associate was reclassified as an investment in 2021-22.

### 20 Trade and other receivables

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Amounts falling due within one year:</b>				
Invoiced debtors	13,366	7,745	16,962	11,402
Research grants and contracts	211,883	211,883	191,464	191,464
Local health authorities/hospitals	16,562	16,562	11,372	11,372
Halls of residence debtors	1,216	1,216	945	945
Advances to members of staff	6,788	6,783	6,835	6,835
Inter company debtors	-	21,792	-	15,254
Other debtors and prepayments	92,995	85,778	76,276	74,033
<b>Amounts falling due after one year:</b>				
Loans to associate companies	160	-	535	-
	<b>342,970</b>	<b>351,759</b>	<b>304,389</b>	<b>311,305</b>

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	Note	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>21 Creditors: amounts falling due within one year</b>					
Bank and other loans		1,661	1,661	1,658	1,658
Cruciform Private Development Loan		2,668	2,668	2,252	2,252
Research grants received on account		460,851	460,851	438,679	438,679
Purchase ledger creditors		63,693	63,180	52,875	52,354
Other creditors including taxation and social security		96,551	89,695	85,039	80,720
Accruals and deferred income		271,835	258,667	251,652	239,524
Inter-company creditors		-	-	-	-
		<b>897,259</b>	<b>876,722</b>	<b>832,155</b>	<b>815,187</b>

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

Donations	12,845	12,845	11,182	11,182
Capital grants	67,950	67,950	84,894	84,894
Tuition fees in advance	-	-	-	-
	<b>80,795</b>	<b>80,795</b>	<b>96,076</b>	<b>96,076</b>

## 22 Creditors: amounts falling due after more than one year

Deferred income	371,962	371,264	366,530	365,832
£300m Sustainability Bond 2061	291,115	291,115	290,886	290,886
Cruciform Private Development Loan	3,147	3,147	5,814	5,814
Long term bank loans	290,206	290,206	291,866	291,866
Salix Revolving Green Fund	500	500	500	500
	<b>956,930</b>	<b>956,232</b>	<b>955,596</b>	<b>954,898</b>

### Analysis of loan and bond repayments:

In less than one year:

Loans	21	4,329	4,329	3,910	3,910
In more than one year but no more than two years					
Loans		4,813	4,813	4,330	4,330
In more than two years but no more than five years					
Loans		4,371	4,371	8,149	8,149
In more than five years					
Loans and Bond		575,784	575,784	576,586	576,586
		<b>589,297</b>	<b>589,297</b>	<b>592,975</b>	<b>592,975</b>

In less than one year	21	(4,329)	(4,329)	(3,910)	(3,910)
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In more than one year	22	<b>584,968</b>	<b>584,968</b>	<b>589,065</b>	<b>589,065</b>
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On 4 June 2021, UCL issued its debut public bond: a 40 year, £300m Sustainability bond, priced at 1.625% and listed on the London Stock Exchange. The £291.1m liability recorded in the balance sheet at 31 July 2022 (£290.9m at 31 July 2021) represents the £300m payable on maturity in 2061 less the issue discount of £8.9m at 31 July 2022 (£9.1m at 31 July 2021), which will unwind over the life of the instrument.

Included in bank loans are the following:

Lender	Total Amount £'000	Due <1 year £'000	Term	Interest rate %	
Royal Bank of Scotland	5,751	1,278	2026	1.1	Fixed
Barclays Bank	1,798	127	2036		Compounded Reference Rate (SONIA) plus 0.33% margin
Barclays Bank	1,720	120	2036	5.3	Fixed
Barclays Bank	1,414	60	2037	5.9	Fixed
Barclays Bank	1,184	76	2037		Compounded Reference Rate (SONIA) plus 0.32% margin
European Investment Bank	280,000	-	2048	2.3	Fixed
	<b>291,867</b>	<b>1,661</b>			

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### 23 Provisions for liabilities

<b>Consolidated</b>	<b>Obligation to fund deficit on USS pension £'000</b>	<b>Defined benefit scheme obligations £'000</b>	<b>Total pension provisions £'000</b>	<b>Dilapidations £'000</b>	<b>Redundancies £'000</b>	<b>Other £'000</b>	<b>Total other provisions £'000</b>
At 1 August 2021	223,771	850	224,621	8,627	-	1,713	10,340
Utilised in year	(11,798)	-	(11,798)	(8)	-	(291)	(299)
Additions	343,855	-	343,855	3,919	-	609	4,528
Releases	-	-	-	(980)	-	(519)	(1,499)
At 31 July 2022	<b>555,828</b>	<b>850</b>	<b>556,678</b>	<b>11,558</b>	<b>-</b>	<b>1,512</b>	<b>13,070</b>

<b>University</b>	<b>Obligation to fund deficit on USS pension £'000</b>	<b>Defined benefit scheme obligations £'000</b>	<b>Total pension provisions £'000</b>	<b>Dilapidations £'000</b>	<b>Redundancies £'000</b>	<b>Other £'000</b>	<b>Total other provisions £'000</b>
At 1 August 2021	223,394	850	224,244	8,627	-	-	8,627
Utilised in year	(11,772)	-	(11,772)	(8)	-	-	(8)
Additions	343,161	-	343,161	3,919	-	609	4,528
Releases	-	-	-	(980)	-	-	(980)
At 31 July 2022	<b>554,783</b>	<b>850</b>	<b>555,633</b>	<b>11,558</b>	<b>-</b>	<b>609</b>	<b>12,167</b>

The obligation to fund the deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to make payment in line with an agreed recovery plan. Further detail is set out in note 33 and the Financial Review. In assessing the value of the provision, management has assessed future employee numbers within the scheme and salary payment over the period of the contracted obligation.

Other provisions includes potential liabilities deriving from the upward revaluation of investments within UCL Business and arising under associated revenue sharing arrangements held with third parties.



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### 24 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2022 Total £'000	2021 Total £'000
<b>Balances at 1 August 2021</b>					
Capital	29,874	1,755	124,918	156,547	137,280
Accumulated income	1,873	214	4,652	6,739	5,949
	<u>31,747</u>	<u>1,969</u>	<u>129,570</u>	<u>163,286</u>	<u>143,229</u>
New endowments	6	-	601	607	1,289
Investment income	614	36	2,570	3,220	2,878
Expenditure	(238)	(2)	(4,702)	(4,942)	(5,789)
Transfer from Income and Expenditure reserve	-	-	-	-	-
(Decrease) / increase in market value of investments	(646)	(38)	(2,709)	(3,393)	21,679
<b>Total endowment comprehensive income for the year</b>	<u>(264)</u>	<u>(4)</u>	<u>(4,240)</u>	<u>(4,508)</u>	<u>20,057</u>
<b>At 31 July 2022</b>	<u><b>31,483</b></u>	<u><b>1,965</b></u>	<u><b>125,330</b></u>	<u><b>158,778</b></u>	<u><b>163,286</b></u>
<b>Represented by:</b>					
Capital	29,234	1,717	119,965	150,916	156,547
Accumulated income	2,249	248	5,365	7,862	6,739
	<u><b>31,483</b></u>	<u><b>1,965</b></u>	<u><b>125,330</b></u>	<u><b>158,778</b></u>	<u><b>163,286</b></u>
<b>Analysis by type of purpose:</b>					
Lectureships	1,467	-	34,984	36,451	38,097
Scholarships and bursaries	10,965	-	44,495	55,460	56,499
Research support	16,641	-	19,685	36,326	37,376
Prize funds	1,516	-	6,870	8,386	8,466
General	894	1,965	19,296	22,155	22,848
	<u><b>31,483</b></u>	<u><b>1,965</b></u>	<u><b>125,330</b></u>	<u><b>158,778</b></u>	<u><b>163,286</b></u>
<b>Analysis by asset:</b>					
Fixed Income				10,971	13,769
UK equities				24,252	24,659
Global Equities				85,437	100,169
Alternative Investments				22,259	17,489
Cash				15,859	7,200
Debtors				-	-
				<u><b>158,778</b></u>	<u><b>163,286</b></u>

### 25 Consolidated reconciliation of net debt

	31 July 2022 £'000	
<b>Net debt 1 August 2021</b>	<b>8,037</b>	
Net (decrease)/increase in cash and cash equivalents	(46,271)	
Net decrease/(increase) in debt financing	3,680	
<b>Net debt 31 July 2022</b>	<b>(34,554)</b>	
<b>Change in net debt</b>	<u><b>(42,591)</b></u>	
<b>Analysis of net debt:</b>	<b>31 July 2022 £'000</b>	<b>31 July 2021 £'000</b>
<b>Cash and cash equivalents</b>	<b>554,743</b>	601,014
<b>Borrowings: amounts falling due within one year</b>		
Bank and other loans	21 (1,661)	(1,658)
Cruciform Private Development Loan	21 (2,668)	(2,252)
	<u>(4,329)</u>	<u>(3,910)</u>
<b>Borrowings: amounts falling due after more than one year</b>		
Bank and other loans	(290,706)	(292,367)
Cruciform Private Development Loan	(3,147)	(5,814)
£300m Sustainability Bond 2061	(291,115)	(290,886)
	<u>(584,968)</u>	<u>(589,067)</u>
<b>Net debt</b>	<u><b>(34,554)</b></u>	<u><b>8,037</b></u>

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26 Financial instruments	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Financial assets</b>				
Financial assets at fair value through Statement of Comprehensive Income				
Listed investments	234,269	232,195	242,977	235,737
Other debtors	1,824	1,824	2,386	2,386
Financial assets that are equity instruments measured at cost less impairment				
Other investments	42,371	33,969	41,680	33,969
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	554,743	510,084	601,056	563,509
Other investments	204	204	288	288
Other debtors	268,166	289,196	235,106	249,970
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost				
Loans	589,297	589,297	592,977	592,977
Trade creditors	63,701	63,180	52,911	52,404
Other creditors	554,865	550,546	523,695	519,376

The values of the investments held at fair value through income and expenditure at the balance sheet date are determined using quoted prices relevant to the markets on which the stocks are listed. The values of other debtors held at fair value through income and expenditure at the balance sheet date are determined using open market value of the properties to which the loans relate.

27 Capital commitments	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	240,975	240,975	377,290	377,290
Authorised but not contracted	386,335	386,335	247,897	247,897
	<b>627,310</b>	<b>627,310</b>	625,187	625,187

Commitments contracted as at 31 July 2021 include £168.1m for the Institute of Neurology - Dementia Research Institute (DRI) and £42.7m for UCL East.

Major developments which were previously authorised but not fully contracted include £149.5m for the Institute of Ophthalmology relocation to Moorfields and £46.9m for the Institute of Education masterplan.

## 28 Lease obligations

Total rentals payable by UCL under non-cancellable operating leases are as set out below:

	Year Ended 31 July 2022			Year Ended 31 July 2021		
	Land & Buildings £'000	Other £'000	Total £'000	Land & Buildings £'000	Other £'000	Total £'000
<b>Payable during the year</b>	23,280	585	23,865	21,200	641	21,841
<b>Future minimum lease payments due</b>						
Not later than 1 year	20,890	466	21,356	19,413	511	19,924
Later than 1 year and not later than 5 years	89,794	61	89,855	60,645	478	61,123
Later than 5 years	90,749	-	90,749	83,124	-	83,124
<b>Total lease payments due</b>	<b>201,433</b>	<b>527</b>	<b>201,960</b>	163,182	989	164,171

The Group lets retail and office units at Caledonian Road to third party tenants under operating lease agreements. Rental income recognised in the Statement of Comprehensive Income in the year amounted to £247,000 (2021 - £250,000).

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### 29 Agency arrangements

#### Training consortia:

	LAHP		DfE Mandarin		SEEL	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Balance unspent at 1 August 2021	-	-	45	341	781	-
Funding received for consortium partners	2,110	2,183	592	1,924	3,920	3,718
Disbursements to partners	(2,110)	(2,183)	(147)	(2,220)	(2,855)	(2,937)
Administration fee	-	-	-	-	-	-
Balance unspent at 31 July 2022	-	-	490	45	1,846	781

The University acts as the lead partner in a number of training consortia, and as such receives funds for trainee fees and bursaries for onward transmission to consortium partners. The funding and related disbursements are excluded from the Statement of Comprehensive Income. The following consortiums were in operation during the financial year:

- LAHP - London Arts and Humanities Partnership, a Doctoral Training Partnership funded by the Arts and Humanities Research Council
- DfE Mandarin - Mandarin Excellence Programme to expand the provision of Mandarin teaching in schools, funded by the Department for Education
- SEEL - South East, East and London consortium for initial training for educational psychologists, funded by the Department for Education

### 30 Contingent asset

Included in consolidated investments (note 17) is £0.6m (2021-22: £1.2m) unrealised gain arising on the revaluation of listed investments held by UCL's subsidiary, UCL Business, and that is potentially distributable to UCL on realisation. It has not been recognised as a receivable by UCL as at 31 July 2022, as receipt is dependent on a decision by the Board of UCL Business to realise the investment and to distribute the proceeds – a matter which is not under UCL's control. No such decision had been made within the 2021-22 financial year.

### 31 Related party transactions

The financial statements of UCL for the year ended 31 July 2022 include transactions with a number of organisations that fall within the definition of related parties under FRS 102 Section 33 'Related Party Disclosures'. Due to the nature of UCL's operations and the composition of Council (being drawn from local public and private sector organisations), it is inevitable that transactions in the normal course of business will take place with entities in which members of Council, or indeed other key management personnel, may have an interest. All such transactions, including those identified below, are conducted at arm's length and in accordance with UCL's Financial Regulations and usual procurement procedures.

UCL has taken advantage of the exemption within FRS 102 Section 33 and not disclosed transactions with wholly-owned subsidiaries. Outstanding balances with these entities as at 31 July 2022 are disclosed under Note 32: Subsidiary undertakings.

Included in the financial statements are the following transactions between the University and related parties. In common with many universities, members of Council and other key management personnel sit on Research Councils, NHS Trust boards and other grant-awarding bodies which have their own internal procedures to avoid potential conflicts of interest.

	Income	Expenditure	Balance due
	£'000	£'000	to/(from) UCL
			at 31 July 22
			£'000
Academy of Medical Sciences	439	30	(30)
Africa Health Research Institute	23	12,989	(61)
Alan Turing Institute	960	-	157
British Heart Foundation	4,142	-	819
Francis Crick Institute	1,596	3,051	395
Royal Free London NHS Foundation Trust	9,704	2,905	1,530
Science and Technology Facilities Council	9,864	-	703
UCL Academy	-	14	-
UCL Hospitals NHS Foundation Trust	26,337	11,988	(9,842)
UCL Union	50	1	1
UCLPartners	513	62	122
University of London	540	2,372	71

The following transactions also took place during the year:

Dominic Blakemore, external member of UCL Council, is the Chief Executive Officer of food services provider Compass Group Plc, and serves as a non-executive director of the London Stock Exchange Group Plc. During the year, two Compass Group subsidiaries (Compass Group UK & Ireland Ltd and Compass Contract Services UK Ltd) supplied UCL with catering services and accommodation to the value of £704k: a significant proportion of which related to graduation ceremonies. The sum of £16k was owed to Compass Contract Services UK Ltd as at the year-end date. One transaction took place in the year between UCL and the London Stock Exchange Group Plc: the provision of a UCL careers marketing package at a cost of £1k.

Stephen Caddick, Pro-Vice-Provost (UK) and non-executive director of UCL Business Ltd, is a member of council of the University of Sussex. UCL's sales to that organisation totalled £41k in the year, and purchases came to £102k. Additionally, UCL distributed £6k of Research Council funding in relation to joint sponsored research projects. A balance of £8k was due from the University of Sussex at 31 July 2022.

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Victor Chu, Chair of UCL Council, sits on the board of multinational aerospace company Airbus, and holds directorships and controlling interests in a number of other companies worldwide. During the financial year, UCL transacted only with the Airbus group: sales to Airbus Operations Ltd (UK) totalled £60k and purchases to value of £4k were made from Airbus Defence and Space Ltd.

Charu Gorasia, UCL's Chief Financial Officer since November 2021 and non-executive director of UCL Business Ltd since December 2021, is a trustee of the Whitehall and Industry Group (WIG), a charity which encourages understanding and co-operation between the business, government and not-for-profit sectors. In the year, UCL paid the WIG membership fees of £7k and £2k in relation to training courses.

Richard Harrison, director and trustee of UCL subsidiary company Somers Town Community Sports Centre Ltd (until August 2022), serves as a director of the Knowledge Quarter: a consortium of local establishments dedicated to the furtherance and dissemination of knowledge. UCL is a partner organisation, paying the Knowledge Quarter £24k in membership fees for the year with further purchases to the value of £7k.

David Lomas, Vice-Provost (Health), is a non-executive director of UCL Hospitals NHS Foundation Trust, a trustee of the British Heart Foundation, a board member of the Francis Crick Institute and a member of Council at the Academy of Medical Sciences. Professor Lomas also sits on the board of the Africa Health Research Institute, serves as a director of UCLPartners and is a non-executive director of the Royal Free London NHS Foundation Trust. Details of the University's transactions and balances with these entities are provided in the adjacent table.

Gary Moore, director and trustee of UCL subsidiary company Somers Town Community Sports Centre Ltd, is the headteacher of Regent High School. The School has partnered with the University to provide teacher training placements to students on PGCE (Postgraduate Certificate in Education) programmes, for which it was paid £10k in the year. UCL additionally made a grant of £37k to the School to support use of the Somers Town Community Sports Centre by UCL Union students.

David Price, Vice-Provost (Research, Innovation & Global Engagement) to May 2022, is a governor of the Latymer Prep and Latymer Upper Schools. Within the year, UCL received £2k in respect of course fees from the School and made payments totalling £8k: chiefly for teacher training placements.

Geraint Rees, Vice-Provost (Research, Innovation and Global Engagement) from May 2022 and non-executive director of UCL Business Ltd, is a trustee of the charity In2science UK. Sales to the charity amounted to £14k in 2021-22, and £14k was outstanding at the year-end date. Purchase from In2Science UK totalled £183k and a balance of £42k was owed by UCL as at 31 July 2022.

Anthony Smith, Vice-Provost (Faculties), serves as a governor of the Capital City College Group, which includes three large London-based further education colleges. City and Islington College, one of the Group's constituent colleges, charged the University a student placement fee of £1k in the year, with this sum remaining due as at the year-end date. In addition, Professor Smith serves as Chair of the Academy Trust at the UCL Academy, transactions and balances for which are tabulated in the adjacent table.

Michael Spence, UCL President and Provost, sits on the board of The Russell Group of Universities and on the Rectors' Assembly of the League of European Research Universities. UCL is a member of both organisations and paid subscription fees in the year of £83k and £17k respectively. At the year-end date, the balance due to The Russell Group stood at £87k. Doctor Spence also serves on the Leadership Council of the National Centre for Universities and Business - to which UCL paid a membership fee of £5k - and is a trustee of The Conversation: an online news column written by academic experts in conjunction with professional journalists. During the year, UCL distributed £47k of Research Council funding to The Conversation Trust (UK) Ltd in relation to a joint sponsored research project, and made purchases amounting to £3k from The Trust. Doctor Spence serves as a trustee of the University of London and as a board member of UCLPartners, the transactional details for which are tabulated in the adjacent table.

Alan Thompson, Pro Vice-Provost (London), is a trustee of The National Brain Appeal, a charity which raises funds specifically for The National Hospital for Neurology and Neurosurgery and the UCL Institute of Neurology. The University was awarded research funding of £249k by the charity and received contributions and donations totalling £57k. A balance of £14k was due to UCL as at the year-end date.

**THE FRANCIS CRICK INSTITUTE (FCI):** UCL is a founding member of the Francis Crick Institute, a biomedical research centre established by six distinguished partners from scientific and academic fields. The University's investment in the FCI stands at £33.6m (Note 17) and transactions with the Institute in the year are tabulated above. Included within 2021-22 expenditure are contributions to the Institute totalling £1.6m, made towards building lifecycle costs and overheads, in fulfilment of UCL's obligations as a founder.

**THE ALAN TURING INSTITUTE (ATI):** The ATI was set up in 2015 as the national centre for data science. It is a joint venture comprising five founder universities and the EPSRC. Each founding member pledged an initial £5.0m grant to the Institute, which UCL has since fully paid. Details of transactions with the ATI within the year can be found tabulated above.

**UCL HOSPITALS NHS FOUNDATION TRUST (UCLH):** In relation to the table above, the majority of income receivable from UCLH represents salary recharges for clinical academics who are employed by UCL but also hold clinical roles at the Trust. Expenditure chiefly comprises salary recharges, property-related costs (rent and service charges) for shared space, patient study costs and sub-contractor payments in respect of research partnerships.

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The Group has year end debtor balances with the following associate and joint venture companies:

	Balance 1 August 2021 £'000	Cash transfers £'000	Income/ (expenditure) £'000	Other £'000	Balance at 31 July 2022 £'000
Abcodia Limited	67	-	-	(67)	-
Atocap Limited	38	-	-	(38)	-
Domainex Limited	-	(29)	-	29	-
EuroTempest Limited	6	(4)	-	(2)	-
Health Social Innovators LLP	-	(50)	-	50	-
Helicon Health Limited	(1)	-	-	1	-
Pentrxin Therapeutics Limited	8	-	-	(8)	-
Senceive Limited	85	-	-	(85)	-
SmartTarget Limited	(26)	-	-	26	-
Total debtors	<b>177</b>	<b>(83)</b>	<b>-</b>	<b>(94)</b>	<b>-</b>

Additionally, the Group has granted loans to the following associate companies:

	2022 £'000	2021 £'000
Amalyst Limited	-	25
Domainex Limited	-	300
Health Social Innovators LLP	<b>160</b>	210
Helicon Health Limited	-	-
Total loans	<b>160</b>	<b>535</b>

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## NOTES TO THE ACCOUNTS

### 32 Subsidiary undertakings

The following UCL subsidiary companies which are incorporated and registered in England and Wales and which have traded during the year have been consolidated into the financial statements:

Company	Principal Activity	Status	Class of shares	Proportion held	Amount owed to/(from) UCL at 31 July 2022 £'000
Bloomsbury Bioseed Fund Limited (BBSF)	Investment in bio-technology start ups.	75% owned	Ordinary	75% - UCL	-
UCL Business Plc	Exploitation of intellectual property.	100% owned	Ordinary	100% - UCL	6,530
			Ordinary 'A'	100% - UCL	
			Redeemable Preference	100% - UCL	
UCL Consultants Limited	Provision of administrative support to staff engaged in consultancy.	100% owned	Ordinary	100% - UCL	7,919
UCL Properties Limited	Property development and investment.	100% owned	Ordinary	100% - UCL	1,928
UCL Residences Limited	Commercial lettings of accommodation.	100% owned	Ordinary	100% - UCL	5,601
UCL Trading Limited	Contracting, consultancy and other commercial activities.	100% owned	Ordinary	100% - UCL	(93)
UCLB Investments Limited	Investing in intellectual property commercialisation opportunities arising from UCL's research base, focusing in particular on the physical and life sciences.	100% owned	Ordinary	100% - UCL Business	-
UCL Research Limited	A non-trading entity, incorporated in the Republic of Ireland and established to act as UCL's legal representative for EU regulated clinical trials and GDPR compliance purposes subsequent to Britain's departure from the EU.	100% owned	Ordinary	100% - UCL	-
Somers Town Community Sports Centre	Operation of sports centre.	Limited by guarantee. UCL has the power to appoint 5 of the 9 trustees and so has effective control			-

MSC Trail Limited was dissolved on 4th May 2021

The following subsidiary companies were dormant during the year:

Thiologics Limited  
Institute of Ophthalmology Ltd  
UCL Developments (No1) Limited  
UCL Enterprises Limited  
UCL Investments Limited

UCL continues to provide guarantees to a number of subsidiaries to make additional financing available if required, to enable them to meet their liabilities as they fall due.

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### 33 Pension schemes

#### Multi-employer plans

The Group contributes to three principal defined benefit multi-employer plans on behalf of its employees: the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the National Health Service (NHS) Pension Scheme. A number of staff, transferred to UCL via historic business combinations, also belong on the Principal Civil Service Pension Scheme (PCSPS) and the Medical Research Council Pension Scheme (MRCPS). The schemes are externally funded and contracted out of the State Second Pension (S2P) and are valued every three or four years by professionally qualified independent actuaries using the projected unit method. Assets of each scheme are held in separate trustee administered funds.

It is not possible to identify UCL's share of the underlying assets and liabilities of these five schemes and they are therefore accounted for as if they were defined contribution schemes, with contributions recognised in the Consolidated Statement of Comprehensive Income and Expenditure.

Total costs for these schemes for the Group were:

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Contribution to USS	104,519	104,144	97,282	96,974
Contribution to SAUL	18,173	17,195	15,703	14,852
Contribution to NHS	7,824	7,815	6,864	6,856
Contribution to MRCPS	908	908	943	943
Contribution to PCSPS	48	48	58	58
Charge to staff costs in respect of UFMS	-	-	-	-
	<b>131,472</b>	<b>130,110</b>	<b>120,850</b>	<b>119,684</b>

Outstanding contributions to USS, SAUL, the NHS Pension Scheme, MRCPS and PCSPS was £16.2m at 31 July 2022 (2021 - £14.9m).

#### The Universities Superannuation Scheme

USS is the main pension scheme for academic and academic-related staff across the sector. It is a hybrid scheme - providing defined benefits (for all members) as well as defined contribution benefits - and it operates on a mutual basis such that assets are not attributed to individual institutions and a scheme-wide contribution rate is set. As a participating employer, UCL 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.

The latest actuarial valuation of the scheme was at 31 March 2020 (the 2020 valuation). It was carried out using the projected unit method, and the financial assumptions that had the most significant effect on the result were as follows:

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

The mortality assumptions included in the valuation are that male (female) members who retire at typical ages will live to approximately age 90 (91).

The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective of maintaining sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5bn and the value of the scheme's technical provisions was £80.6bn, indicating a shortfall of £14.1bn and a funding ratio of 83%. This compares unfavourably to the equivalent shortfall of £3.6bn that was reported under the scheme's 2018 valuation and the associated funding ratio of 95%.

As part of the 2020 valuation, and in light of this increased shortfall, a new deficit recovery plan was put in place. Over the period from 1 April 2022 to 31 March 2024, a proportion of employer contributions equating to 6.2% of salaries is to be specifically earmarked to repair the existing deficit, and from March 2024 that proportion will increase to 6.3%. On this basis, it is expected that the shortfall will be eliminated by 31 March 2038. The rate in force under the previous recovery plan, based on the 2018 valuation, was 6% of salaries and this was due to continue until March 2028.

In accordance with the requirements of FRS102 and the SORP, UCL recognises a liability for the obligation to fund past deficits that arises from this recovery plan. Details of that liability, discounted at a rate of 3.33% as at 31 July 2022 (2021: 0.87%) are included in note 23 to the financial statements.

The University's liability calculation assumes a salary inflation rate of 3.0% over the two years to 2024/25 reducing to 2.0% thereafter and a 2.0% annual increase in staff FTE over the same period. A change in the assumptions for salary inflation by +/- 0.5% would increase the obligation to fund the USS deficit by +£23.8m/-£22.7m. Similarly, a +/- 0.5% change to the increase in staff FTE assumptions would impact the liability as at 31 July 2022 by +£23.6m/-£22.5m

From 01 April 2022, the employer contribution rate under the scheme has been set at 21.6% of pensionable salary, and this will decrease to 21.4% for the period between 01 April 2024 and 30 April 2038.

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USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

Details of the scheme and the 2020 valuation can be found at [www.uss.co.uk](http://www.uss.co.uk).

### The Superannuation Arrangements of the University of London

The latest completed actuarial valuation of the scheme was as at 31 March 2020 (unaudited) using the projected unit method. The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum:	
- before retirement	3.15%
- after retirement	1.05%
Price inflation (RPI)	2.70%
Post 2016 pension increases per annum	2.50%

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 86 (89).

As at the valuation date, the assets of the scheme were reported as £3.61bn and the scheme's technical provisions as £3.83bn, resulting in a shortfall of £217m. Assets were therefore sufficient to cover only 94% of the past service benefits that had accrued to members, after allowing for expected future increases in earnings.

These results represent a decline in funding level compared to the 2017 valuation (a reported £56m surplus and funding level of 102%) and are reflective of a significant fall in yields of fixed interest gilts over the inter-valuation period, an increase to the CPI inflation assumptions underpinning the valuation of member's future benefits and an increase in SAUL's "short service" active members: those with less than 3 years' service in the Scheme.

Although post-valuation experience had estimated that the Scheme held a surplus of £357m at 30 April 2021, the estimated contribution strain for future service benefits (the amount by which future benefit accrual outstrips contributions) was valued at £67m per annum: £40m or 150% higher than the 2017 equivalent.

To address this issue and ensure that the statutory funding objective continues to be met, the Trustee and employers agreed to increase employer contributions from 16% to 19% from 1 April 2022 and then again to 21% from January 2023, and amend the Scheme's eligibility requirements such that new members joining after January 2023 can only accrue full benefit after 3 complete years of service. In combination, these measures were estimated to reduce contribution strain by approximately £50m per annum.

As at 31 March 2022, the date of the most recent annual actuarial report, the position had improved substantially and the scheme was estimated to have a technical provision surplus of £616m, equivalent to a funding level of 116%. This was due to higher than expected investment returns over the two year period since valuation, contributing to a £952m increase in the market value of scheme assets (to £4,564m). Details of the scheme and the 2020 valuation can be found at [www.saul.org.uk](http://www.saul.org.uk)

### National Health Service Pension Scheme

The NHS Pension Scheme is an unfunded defined benefit scheme available to staff who were already members immediately prior to their appointment at UCL.

The latest actuarial valuation of the scheme was at 31 March 2016 and was prepared using the projected unit method. The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum:	
- for liabilities and contribution rate	2.80% to 2019, 2.40% thereafter
- for cost cap rate	2.40%
Long term salary growth per annum	4.20%
Pension increases per annum	2.00%

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 89 (91).

At the valuation date, the value of the scheme's assets was £278.1bn and the value of the scheme's technical provisions was £297.5bn, with the shortfall of £19.4bn representing a £9.1bn increase on the shortfall reported under the 2012 valuation. The assets under the 2016 valuation were sufficient to cover 93% of the benefits that had accrued to members after allowing for expected future increases in earnings.

As a result of this valuation, the trustees determined that the employer contribution rate payable for the four year period from 1 April 2019 would increase from 14.3% to 20.6% (albeit with HM Treasury funding the majority of the increase for the first year).

### Medical Research Council Pension Scheme

The latest actuarial valuation of the University section of the scheme was at 31 December 2019 (unaudited) using the projected unit method. The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum	2.00%
Long term salary growth per annum	3.50%
Pension increases per annum	2.00%

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 88 (90).



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At the valuation date, the value of the scheme's assets was £114.8m and the value of the scheme's technical provisions was £90.7m indicating a surplus of £24.1m. The assets were therefore sufficient to cover 127% of the benefits that had accrued to members after allowing for expected future increases in earnings.

These results represent a decline from the 146% funding level reported under the 2016 valuation, with the majority of the change driven by an adjustment to member withdrawal assumptions offset by a combination of better than expected investment performance and a downward revision to mortality assumptions. Following this valuation, the trustees determined that the current employer contribution rate of 15.9% would increase to 16.9% from April 2021.

### Principal Civil Service Pension Scheme

The PCSPS is an unfunded defined benefit scheme available to staff who were already members immediately prior to their appointment at UCL.

The latest actuarial valuation of the scheme was at 31 March 2016 (unaudited) using the projected unit method. The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum:	
- for liabilities and contribution rate	2.80% to 2019, 2.40% thereafter
- for cost cap rate	2.40%
Long term salary growth per annum	4.20%
Pension increases per annum	2.00%

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 88 (91).

At the valuation date, the value of the assets of the scheme was £139.5bn and the value of the scheme's technical provisions was £145.8bn. The resulting shortfall of £6.3bn represented a small increase on the £5.5bn shortfall reported under the 2012 valuation. Assets under the 2016 valuation were sufficient to cover 96% of the benefits that had accrued to members after allowing for expected future increases in earnings.

As a result of this valuation, the trustees determined that for the four year period from 1 April 2019 the average employer contribution rate payable would increase from 20.9% to 27.1%.

### Defined benefit plans

Within the year, UCL contributed to one funded, defined benefit pension scheme: the UCL Former Medical Schools (UFMS) Pension Scheme. The underlying assets and liabilities relating to UCL's members could be identified and those assets were held in separate, trustee administered funds.

As a defined benefit plan, current service costs, past service costs, losses on settlement and actuarial losses are recognised in the Consolidated Statement of Comprehensive Income and Expenditure. The interest cost and the expected return on assets are shown net of other finance costs.

Scheme assets are measured at fair value. Liabilities are measured on an actuarial basis using the projected unit method and are discounted at a rate of return based on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax is presented separately as a pension asset or liability in

### UCL (Former Medical Schools) Pension Scheme

The UFMS Pension Scheme is a single-employer defined benefit scheme, acquired under the merger with the Middlesex Hospital Medical School in August 1987. The scheme was closed to new entrants at the point of merger, and with effect from 30 June 2012 all active members consented to a transfer of their benefits to SAUL. Deferred and pensioner liabilities remained with the UFMS scheme.

A valuation of the scheme as at 31 July 2022 has been carried out by an independent qualified actuary, using the projected unit method, and is based on the results of the full scheme funding assessment as at March 2019.

The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum	3.15%
Future increases in deferred pensions	2.10%
Increase on post 1997 pension	
- for pre 2006 leavers	2.15%
- for post 2006 leavers	2.65%

At the valuation date, the value of the assets of the scheme was £4.84m and the value of the scheme's defined benefit obligation was £4.08m. As UCL does not have the ability to recover the resulting surplus of £0.76m (2021: £0.89m) either through reduced contributions in the future or through refunds from the scheme, the corresponding net defined benefit asset is not recognised in the Consolidated Balance Sheet.

It is the intention of both UCL and the Trustee to wind-up the scheme, and arrangements are being made with various insurance providers to take on the remaining liabilities. As the scheme employer, UCL will be liable to those insurers for the projected deficit against the fund's assets and, as at 31 July 2022, the value of this 'buy-out' payment has been estimated by an independent actuary as £0.85m (2021: £0.85m). UCL expects to have completed the process during the financial year to 31 July 2023 and provision has been made for the expected £0.85m cost of discharging its financial obligations (Note 23).

The pension expense over the year to 31 July 2022 was £48,000. On the basis that surplus is not recognised, this reflects the net administration cost borne by the scheme over the year. Interest on the net defined benefit liability is restricted to zero.

The total value of employer contributions expected to be paid to the scheme during the year ending 31 July 2023 is £132,000

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34 Events after the End of the Reporting Period

There have been no post balance sheet events that require disclosure following 2021-22 year-end.

35 Significant Estimates and Judgements

In the process of applying its accounting policies, the University is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by senior management.

Significant judgements

Significant judgements made in the preparation of the financial statements are as follows:

Research Income

Income from research grants and contracts is recognised on entitlement and when the performance-related conditions under each grant funding award have been met. See note 3 for values. The level of revenue recognised is based on management's judgement as to the extent to which those performance-related conditions have been satisfied, whether any contract specific (i.e. milestone) performance-related conditions are in existence and whether there is any indication that a failure to meet future output requirements has given rise to the requirement for a provision or contingent liability.

Significant estimates

Significant estimates used in the preparation of the financial statements are as follows:

Retirement Benefit Obligations

The University operates within five defined benefit schemes, the Universities Superannuation Scheme (USS), The Superannuation Arrangements of the University of London (SAUL), and three smaller schemes set out in note 33 which are accounted for as defined contribution schemes as insufficient information is available to identify the University's share of the underlying assets and liabilities.

Pension provision

In the case of USS, the University is contractually bound to fund a scheme deficit in line with an agreed recovery plan, and this obligation is recognised as a liability on the balance sheet. The USS recovery plan was updated during the year following the conclusion of the 2020 actuarial valuation. The recovery plan defines the deficit payment required as a percentage of future salaries until 2028, and the respective provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing rate of discount. See note 23 for details on the value and note 33 for details on sensitivities.

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## NOTES TO THE ACCOUNTS

### 36 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, UCL is required by the US Department of Education to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of investments.
- prepared using United Kingdom Generally Accepted Accounting Practice, in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2020 (SORP 2020) and with Financial Reporting Standard FRS 102.
- presented in Sterling: the functional currency of the entity.

#### Primary Reserve Ratio

#### Expendable Net Assets

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Financial Position: Unrestricted reserves	31	Net assets without donor restrictions	1,214,925	1,453,502
Statement of Financial Position: Restricted reserves	31	Net assets with donor restrictions	179,045	180,287
Note 24: Restricted permanent endowments	55	Net assets with donor restrictions: restricted in perpetuity	(31,483)	(31,747)
Statement of Financial Position: Fixed & intangible assets	31	Property, plant and equipment, net	(2,610,085)	(2,433,950)
Notes 21 & 22: Current and long-term debt and finance leases	53	Debt obligations, net	587,636	591,318
Notes 21 & 22: Deferred income	53	Deferred revenue & capital grants	452,757	462,606
Note 21: Short term bank and other loans	53	Loans	1,661	1,658
Note 23: Total provisions	54	Post-employment and pension liability	569,748	234,961
		<b>Expendable Net Assets</b>	<b>364,204</b>	<b>458,635</b>

#### Total Expenses and Losses

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Comprehensive Income: Total expenditure less pension provision movement	29	Total operating expenses	1,656,288	1,511,483
		<b>Total Expenses and Losses</b>	<b>1,656,288</b>	<b>1,511,483</b>

#### Equity Ratio

#### Modified Net Assets

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Financial Position: Unrestricted reserves	31	Net assets without donor restrictions	1,214,925	1,453,502
Statement of Financial Position: Restricted reserves	31	Net assets with donor restrictions	179,045	180,287
		<b>Modified Net Assets</b>	<b>1,393,970</b>	<b>1,633,789</b>

#### Modified Assets

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Financial Position: Non-current plus current assets	31	Total assets	3,817,907	3,656,501
		<b>Modified Assets</b>	<b>3,817,907</b>	<b>3,656,501</b>

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## NOTES TO THE ACCOUNTS

### Net Income Ratio

#### Change in Net Assets without Donor Restrictions

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Changes in Reserves: Total excluding endowment & restricted I&E	30	Changes in net assets, unrestricted	(238,453)	125,604
		<b>Change in Net Assets without Donor Restrictions</b>	<b>(238,453)</b>	<b>125,604</b>

#### Total Revenues and Gains without Donor Restrictions

Related Disclosure	Page	Required Line Item	31 July 2022	31 July 2021
			Consolidated £'000	Consolidated £'000
Statement of Comprehensive Income: Total income	29	Total operating revenues and support, unrestricted	1,751,779	1,609,451
Statement of Comprehensive Income: Investment income	29	Investment income, unrestricted	(6,938)	(5,638)
		<b>Total Revenues and Gains without Donor Restrictions</b>	<b>1,744,841</b>	<b>1,603,813</b>

### Net Property, Plant and Equipment

	31 July 2022 Consolidated £'000
Pre-implementation property, plant and equipment	1,598,523
Post-implementation property, plant and equipment purchased by obtaining debt	-
Construction in progress	610,940
Post-implementation property, plant and equipment with no outstanding debt	400,622
<b>Net Property, Plant and Equipment</b>	<b>2,610,085</b>

### Long-Term Debt for Long-Term Purposes

	31 July 2022 Consolidated £'000
Pre-implementation long-term debt	293,853
Allowable post-implementation long-term debt to purchase property, plant and equipment	-
Construction in progress - debt	-
Long-term debt not for the purchase of property, plant and equipment	291,115
<b>Net Long-Term Debt for Long-Term Purposes</b>	<b>584,968</b>