



**Imperial College
London**

**Annual Report
and Accounts
2014–15**

Imperial College London's mission
is to achieve enduring excellence in
research and education in science,
engineering, medicine and business
for the benefit of society.

On the cover:

Nicholas Bradley, undergraduate student in the Department
of Physics, and recipient of a President's Scholarship.

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Spyros Psarras and Carla Canturri-Gispert test a panel of aircraft fuselage in the Aeronautics Department.

Imperial at a glance



£26.6m

The rise in total income from academic fees and support grants in 2014–15, an increase of 13.5 per cent

3,782

Number of full-time equivalent academic and research staff at Imperial in 2015

£31.4m

The amount secured through fundraising in 2014–15

£162m

The amount of Imperial's own resources invested in our estate during 2014–15



15,290

full-time registered students at Imperial in December 2014

Five-year summary of key statistics

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
INCOME AND EXPENDITURE					
Funding Council grants	155	161	169	172	169
Academic fees and support grants	223	197	186	163	138
Research grants and contracts	428	351	330	314	299
Other income	163	148	126	108	94
Endowment and investment income	9	8	13	8	5
Less: share of income from joint ventures	(9)	(10)	(2)	–	(1)
Net income	969	855	822	765	704
Total expenditure	835	794	755	702	660
Surplus from ordinary activities	134	61	67	63	44
Surplus for the year retained within general reserves	130	86	87	61	95
BALANCE SHEET					
Fixed assets	1,600	1,324	1,145	1,030	920
Endowment assets	114	98	97	79	76
Net current (liabilities)/assets	(25)	(53)	43	64	39
Long term creditors and provisions	(325)	(271)	(283)	(265)	(192)
Net assets	1,364	1,098	1,002	908	843
CAPITAL EXPENDITURE					
Externally funded	74	28	20	30	44
Internally funded	162	178	86	47	33
Finance leases	–	–	18	75	–
Total in-year capital expenditure additions	236	206	124	152	77
HEFCE capital grant received	22	30	14	14	18
LIQUIDITY					
Cash and cash equivalent	239	275	317	331	261
Bank loans	(212)	(148)	(154)	(160)	(166)
Finance leases	(92)	(93)	(93)	(75)	–
Net funds	(65)	34	70	96	95
STUDENT NUMBERS					
Full-time equivalent students – undergraduates	9,054	8,931	8,834	9,080	8,885
Full-time equivalent students – postgraduates	6,236	5,804	5,580	5,262	5,079
Visiting students / other	1,057	1,196	1,209	1,229	1,251
Total	16,347	15,931	15,623	15,571	15,215
Average number of full-time equivalent staff	7,516	7,240	6,731	6,648	6,736
Staff costs as a percentage of expenditure	54%	53%	52%	53%	55%

Financial review



To read the Imperial College Strategy 2015–2020, please visit www.imperial.ac.uk/strategy

Overview

It is only three months since we published Imperial College London's Strategy 2015–2020 and this latest Annual Report and Accounts should be read in the context of this. In her foreword to the Strategy 2015–20 President Alice Gast notes that we will build a more agile, adaptive and resilient organisation so that we will be ready for whatever the future holds. The Strategy sets a very clear approach to the College's finances: we will strengthen and diversify our revenues; delivering our mission requires investment in our staff, student and facilities; we will act courageously when pursuing new opportunities; we need to take academic and financial risks to sustain excellence in research and education. This year's results show how much we have already done to deliver this strategy yet how much more we still have to do.

In terms of strengthening revenues, in 2014–15 we delivered a surplus of £129.6 million (13.4% of net income), another record level for College. However, the £43.5 million increase over the prior year's surplus is more than accounted for by the inclusion of £47.5 million of Research and Development Expenditure Credit income for the first and only time; this covered just over two years of eligible activity and is time-limited, with the College unable to claim for activity after 1 August 2015 following a change of legislation.

Cash from operating activities, although still robust at £88.2 million, was actually down on recent years. Despite this, we have continued with our ambitious capital investment programme, investing £162.0 million of our own resources in our estate in 2014–15. This level of capital expenditure is not optional for one of the world's great universities and we will need to maintain a strong focus on revenue growth, productivity and cost control in order to support it.

Diversification remains essential. We are adjusting to the rapidly reducing levels of direct government support by increasing our global reach in teaching and research, growing our Advancement team, and diversifying via the new businesses we are developing such as Grad Pad and ThinkSpace. It will probably take at least a decade to truly diversify our revenues and we will remain very sensitive to changes in government policy or the external environment. The support of our alumni, friends and sponsors continues to be crucial.

Income

Total College income for the year was £969.3 million, an increase of £114.8m (13.4%) over the previous year:

Income analysis	2015 £m	2014 £m	Change %
Funding Council grants	155.4	161.4	-3.7
Academic fees and support grants			
Home and EU students (full-time)	63.5	53.9	17.8
Overseas students	124.0	108.3	14.5
Other	35.9	34.6	3.8
	223.4	196.8	13.5
Research income			
UK research councils	117.7	108.3	8.7
UK charities	64.2	64.7	-0.8
UK industry	25.3	21.0	20.5
European Union and overseas	101.6	96.9	4.9
Other	118.9	60.0	98.2
	427.7	350.9	21.9
Other income	163.0	148.0	10.1
Endowment and investment income	9.1	7.4	23.0
Less: share of income from joint ventures	(9.3)	(10.0)	-7.0
Total income	969.3	854.5	13.4

Financial review

- Research income grew at a headline level by £76.8 million (21.9%) year on year. As noted above, this was driven by the inclusion for the first time of the Research and Development Expenditure Credit covering three years of research activity. Ignoring this, the underlying annual growth in the research volume was 4.6%, broadly in line with the average of the last few years;
- Total income from academic fees and support grants was up £26.6 million (13.5%), with overall student numbers rising by 2.6%. The growth in full-time numbers of home and European Union students was balanced by a drop in the number of part-time students and the overall net growth resulted from a 9% increase in the number of overseas students, providing a considerable boost to income;
- The reduction in Funding Council grants was driven by a £7.0 million reduction in the teaching grant as a result of a further cohort of new regime students paying £9,000 tuition fees entering the College;
- The majority of the growth of other income related to the inclusion of additional income from donations.

Expenditure

Total expenditure grew by 5.2% to £835.1 million. Within this, staff costs grew by £26.9 million (6.4%) on the back of a growth in full-time equivalent staff numbers of 3.8%. Around a quarter of this cost increase related to externally funded research grants and contracts.

More than half of the reported increase in expenditure in academic departments was matched by additional income. The increase in other operating expenses, mainly in bursaries and central support costs, was mitigated by the reversal of £8.7 million of the provision related to the decommissioning of the College's specialist engineering facility now it is clear that this can be completed in less time and at lower cost. The growth in expenditure on bursaries again reflects the additional cohort of new regime students as a portion of the additional tuition fee income was recycled into more study support bursaries (£2.4 million). The growth in central support service costs reflects various initiatives that are expected to bring sustainable benefits to College: establishing the Advancement team, tasked with delivering a step-change in the income the College derives from philanthropy; the operational excellence programme, aimed at improving the productivity and efficiency of the College's academic support processes; a new student information system. The investments in these areas will continue to grow over the next couple of years.

The Endowment

The College's Endowment Board oversees the management of the College's investment assets, being those assets identified as not being essential to the core academic mission, alongside the assets related to the College's endowment funds, referred to on the College's balance sheet as endowment assets; in aggregate these are referred to as The Endowment. The Endowment's actively managed assets are sub-divided into three distinct asset classes:

- Unitised Scheme: a unit trust vehicle for College, Faculties and Departments to invest endowment funds and unfettered income for the long term. These funds are managed by external managers against a five-year performance target of RPI+4%;
- Non-Core Property: a portfolio containing approximately 120 operational and developmental properties which College has determined are not required to deliver the academic mission; and
- Strategic Asset Investments: a portfolio containing College's shareholding in Imperial Innovations and other restricted equity holdings.

In addition, The Endowment maintains a series of cash accounts to enable College, Faculties and Departments to deposit donations and other funds that are not intended to be invested in the Unitised Scheme. These cash accounts provide the opportunity to earn competitive rates of interest, whilst not being exposed to the same level of risk.

The market value of The Endowment increased by 18.0% over the year to £512.4 million at 31 July 2015, the first time that The Endowment's value has increased above £500m.

The Unitised Scheme's £33.8 million increase in value over the 12 months comprised a performance return of £15.6 million (8.6%) and a net inflow of funds into the scheme of £18.2 million. The Unitised Scheme has delivered a return of 54.4% against an RPI+4% investment target of 40.8% over the rolling five year period ended 31 July 2015.

Properties with a market value of £7.9 million were identified as being non-core during the year and transferred to the Non-Core Property portfolio. In addition, a £3.1 million investment was made into properties at White City.

The Strategic Asset Investments portfolio increased by 4.0% (£5.3 million) over the year driven by the Imperial Innovations share price increasing from 445 to 485 pence per share.

The strong performance in the year was complemented by a substantial increase in the level of cash deposited into the cash accounts during the year as all areas of the College continued to consolidate their cash holdings.

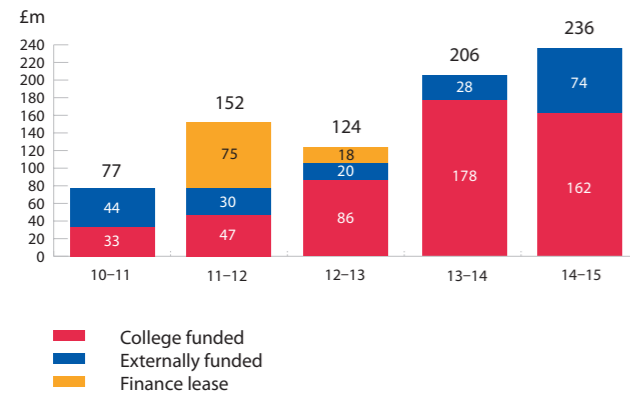
Expenditure analysis	2015 £m	2014 £m	Change %
Staff costs			
Academic departments incl. consultancies	199.9	186.5	7.2
Research grants and contracts	166.3	159.4	4.3
Other	82.1	75.5	8.7
	448.3	421.4	6.4
Depreciation	62.3	58.0	7.4
Other operating expenses			
Academic departments incl. consultancies	53.1	43.8	21.2
Research grants and contracts	112.2	111.9	0.3
Other	145.1	147.3	-1.5
	310.4	303.0	2.4
Interest and other finance costs	14.1	11.4	23.7
Total expenditure	835.1	793.8	5.2

Main Asset Classes	31 Jul 15 £m	31 Jul 14 £m	Variance	
			£m	%
Unitised Scheme	189.7	155.9	33.8	22
Strategic Asset Investments	137.5	132.2	5.3	4
Non Core Property*	129.8	118.4	11.4	10
Managed Total	457.0	406.5	50.5	12
Unit-holder Cash Accounts	55.4	27.1	28.3	104
Endowment Total	512.4	433.6	78.8	18

*Net of debt

Financial review

Capital expenditure



Capital expenditure

The total capital expenditure funded from internal resources in 2014–15 was £162.0 million. The College made two large acquisitions during the year. The former Post Office building adjacent to the South Kensington Campus was purchased for £30.2 million, with a £12.0 million contribution received from the James Dyson Foundation; when refurbished, this building will house the new Dyson School of Design Engineering. The College also purchased the postgraduate accommodation block at the White City Campus from the joint venture that had been operating it on behalf of Grad Pad, one of the College's related businesses. The asset was recognised on the College's balance sheet at a cost of £98.1 million.

Progress on the Research and Translation Hub at White City remains on track for completion during 2016–17 (a further £32.9 million of expenditure was incurred within the year on the shell and core). The other major item of capital expenditure was the ongoing refurbishment of the Mechanical Engineering building at South Kensington, with the £17.2 million of capital expenditure in 2014–15 substantially completing phase two, with two further phases planned.

Balance sheet

By year end the College's net assets had grown from £1.1 billion to £1.4 billion. As well as the acquisitions and construction referred to above, the College's non-core property is now being treated as investment property and recorded in the financial statements on a market value as opposed to historic cost basis. This reflects the fact that the properties are not integral to the College's academic mission and could be disposed of if this was felt to be appropriate by the College's Endowment Board. This reclassification added around £94.5 million to the net asset base in 2014–15 and generated an exceptional £14.4 million contribution to the surplus as depreciation that was charged in prior years was reversed and associated deferred capital grants released.

The value of cash at bank and at hand combined with cash held on deposit fell from £274.6 million to £238.6 million and this was after incorporating a £70.0 million drawdown from a new loan facility from the European Investment Bank; the same amount remains undrawn on the facility at present.

The College's overall working capital position improved slightly over the year, though as noted above the cash balance was boosted by the drawdown on the new loan facility which offset the impact of a reduction in research creditors, as research payments in advance reversed a long term trend by falling year on year. The debtor balance jumped significantly, primarily because the first payment of the Research and Development Expenditure Credit was only received after year-end.

The College's net debt at the end of year was £65.5 million (an adverse swing of £99.6 million). As the College looks to invest further for the long-term the net debt position is expected to grow further over the coming years. This is not a matter for concern whilst funds are invested in assets that will either help diversify net income or maintain and develop the infrastructure required to support the academic mission; College management will remain vigilant in order to ensure funds are not being used to support an operational cost base that would otherwise be unsustainable in the longer term.

Summary

The College remains in a sound financial position as we continue to invest in the expansion that will provide the necessary platform for the College to meet its long-term objectives. We recognise that the level of risk we face is increasing:

- Competition for the best students and staff is intense and the high cost of living in London can be a deterrent;
- Changes in immigration laws could leave the College in a more vulnerable position, given the significant role overseas tuition fees play;
- The cost of maintaining the College's estate at an appropriate level is rising;
- Further challenges to the sustainability of government funding seem inevitable;
- The opportunities that come from the partnerships required to secure our future in White City will also bring risks;
- The reduction in cash levels as we continue to invest in fixed assets means that we will have to manage liquidity carefully.

We will need courage to grasp the opportunities and face the risks involved in increasing and diversifying revenues. Supporting excellence in research and education requires no less, standing still and waiting to see what might happen is not an option.

Muir Sanderson
Chief Financial Officer

Public benefit statement

Imperial College is an exempt charity under the laws of England and Wales by virtue of the Exempt Charities Order 1962 and the Third Schedule to the Charities Act 2011. Its activities include the promotion of scholarship, education and research in science, engineering and medicine especially in their application to industry. In accordance with the Charities Act 2006 HEFCE is the responsible body for regulating universities as charities on behalf of the Charity Commission.

The Objects

Imperial College's Objects are set out in its Royal Charter. They are to provide the highest specialised instruction and the most advanced training, education, research and scholarship in science, technology and medicine, especially in their application to industry; and in pursuit of these objects to act in co-operation with other bodies.

The Council serves as the College's trustee and is responsible for defining Imperial's strategic aims and directing the activities of its executive in the furtherance of these objects. In setting and reviewing the University's objectives and activities, the Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education and on fee charging. The Council has also paid due regard to the guidance issued by HEFCE in its role as principal regulator on behalf of the Commission.

Mission

Imperial College London's mission is to achieve enduring excellence in research and education in science, engineering, medicine and business for the benefit of society.

Strategy

The College's strategy is built on underpinning foundations that make Imperial a great academic institution and talented and inspirational people who make up our university community. Our partners make our work possible and help us to deliver benefit to society through our research and education. Enablers help us to deliver our strategy.

Foundations

- We will continue to specialise in science, engineering, medicine and business. This is the foundation on which we build our future.

- We will maintain world-class core academic disciplines. All research and education must be underpinned by a deep understanding of the fundamentals.
- We will encourage multidisciplinary research. Only by bringing together expertise from different disciplines can we solve today's global challenges.
- We will embed our educational experience in a vibrant, research-led, entrepreneurial environment. By learning alongside researchers who are experts in their fields our students gain the practical, entrepreneurial and intellectual skills to tackle societal problems.

People

- We will build a supportive, inclusive and highly motivated staff community across all disciplines, functions and activities. This will help us to attract and retain the talented and diverse staff we need to achieve our mission.
- We will enrich the student experience. Providing a broad range of activities, services and support for our students beyond their studies helps them to develop wider talents and to be successful.
- We will build strong relationships with our alumni and friends. This lifelong exchange of ideas and support benefits all of us.

Partners

- We will strengthen collaboration with business, academia, and non-profit, healthcare and government institutions across the globe. No university can achieve excellence or realise the full benefits of its work by itself.
- We will inform decision makers to influence policy. Our excellence, breadth of knowledge, connections and London location allow us to bring together and inform key decision makers in governments and industries for the benefit of society.
- We will share the wonder and importance of what we do. Collaboration with the public, schools and our local communities fosters a shared passion for and understanding of our work.

Enablers

- We will strengthen and diversify our revenues. Delivering our mission requires investment in our staff, students and facilities.
- We will provide professional support, consistent processes and appropriate

technology for all of our staff and students. The pursuit of excellence in research and education requires excellence in all that we do.

- We will act courageously and innovatively when pursuing new opportunities. We need to take academic and financial risks to sustain excellence in research and education.

In implementing its strategy, the College is guided by its mission and supports an atmosphere and culture that embraces discovery. The Council is mindful of the College's responsibility to deliver benefit to society through its research and education.

The Report on Imperial's activities during the year, which forms a major part of this Annual Report and Financial Statements provides further information on our progress and achievements against these and other objectives. This section highlights areas in which the College carried out its activities for the public benefit during the year in furtherance of its objects.

Education

The College has tremendous strength in the core disciplines through its academic departments and offers excellent research-led education in science, engineering, medicine and business subjects. It places importance on teaching, whilst recognising that teaching alone is not sufficient to provide a higher education, particularly in STEM subjects. At undergraduate level, the College provides academically rigorous courses in these core disciplines which give students practical experience, a theoretical understanding of research and a fundamental knowledge of their discipline. This provision is research-led, encouraging students to think independently and critically, and develop strong analytical skills. The College's postgraduate taught courses build upon fundamental knowledge acquired at undergraduate level. They include both discipline-based and multidisciplinary programmes and provide students with a platform to pursue doctoral study or to develop a successful career in the commercial, industrial, healthcare or public sectors. In addition, through the School of Professional Development, the College delivers short, bespoke postgraduate courses in science, engineering, medicine and business to the commercial sector and the NHS.

Student Admissions and Equal Opportunities

The College maintains excellent standards of achievement in teaching and research in order to attract and admit students of the highest calibre, and its international reputation relies on the people who make up its diverse and high-achieving community. The College aims to create a diverse and stimulating environment that attracts the most talented staff and students and by training students from across the globe we aim to strengthen knowledge, economies, and cultural relationships worldwide. In pursuing this aim, Imperial adheres to a comprehensive policy of equal opportunities which ensures that it does not discriminate against any individual, from the first point of contact through to graduation. Selection for entry is based on consideration of academic ability, motivation for study, interest in the subject area and the potential to benefit from the experience and to contribute to College life.

The College has a number of ways to facilitate access of appropriately qualified students to its courses regardless of their financial circumstance. Fees for Home and EU undergraduates are set currently at the maximum level reflecting the high quality of education and student experience that Imperial offers. Scholarships are provided for undergraduate and postgraduate students, and are awarded on academic merit. The President's Undergraduate Scholarships scheme rewards up to 112 applicants at the College each year. It is open to all students of any nationality who demonstrate the highest academic excellence and potential. The prestigious Imperial College PhD Scholarship Scheme, launched in 2013, has been designed to provide the most talented students from around the world the opportunity to apply for one of 50 highly-competitive scholarships.

The College has an Access Agreement which has been approved by the Office of Fair Access and which sets out the measures being taken by the College to provide financial support for students and to ensure wider access to the College's courses. The College's Access Agreement seeks to ensure that financial considerations do not preclude those most able to benefit from studying at the College from doing so and the College has committed to spend at least 35% of its additional fee income on supporting access, both through the provision of financial support for students and through the provision of additional support for the College's outreach activities.

Financial Support

The College offers one of the most generous overall student financial support packages in the UK. This is available to all Home undergraduate students who are eligible for student funding from the Government and provides help towards living costs.

Outreach

Imperial College has a long-established reputation for delivering excellent outreach activities to school and college students. The College believes in raising the aspirations of all students, regardless of background, to fulfil their potential and apply to the right university for them. Imperial is committed to inspiring students in the study of science, technology, engineering and medicine. In support of this commitment, the College offers a range of activities and programmes including Open Days for prospective students; inspirational hands-on activities; summer schools; mentoring programmes in schools; exciting lectures, and a Schools Visit Programme to help raise awareness of Higher Education.

In 2011–12, the College developed a targeted pilot programme, aimed at disadvantaged children who are capable in science. Each cohort benefits from provision tailored to their particular needs, including face-to-face and network mentoring, science enrichment activities and revision support with the aim of enabling and encouraging them to apply successfully to study science at a selective university, including the College. 81 per cent of respondents felt that the scheme had made them more likely to apply to university, with 85 per cent stating that it had made them more motivated about their studies.

Research

The excellence of the College's research was demonstrated in the 2014 Research Excellence Framework, an assessment of the quality of research in UK higher education institutions, in which over 90 per cent of the research submitted by Imperial was judged to be world-leading or internationally excellent. This excellence is broadly found across all our disciplines, and applies equally to our research outputs, impact and environment. These strengths provide us with the underpinning capability required to work together across disciplines in order to address

the challenges faced by the world today, which are complex and interrelated and affect the length and quality of life of entire populations. Imperial's core strengths and our emphasis on multidisciplinary and collaboration mean that we are ideally placed to address these challenges. The College's research aims to create knowledge generally and provide solutions to a broad spectrum of societal and economic issues, including discovery and the natural world, engineering novel solutions, health and wellbeing, and leading the data revolution. It addresses these challenges on three broad levels, which are interdependent (core disciplines, multidisciplinary research, global challenges) with many academics being engaged with all three.

Translation

The College's definition of translation encompasses all forms of knowledge transfer. The College is the only UK university to focus exclusively on science, technology, engineering, medicine and business, and the only one to have had the application of its work to industry, commerce and healthcare central to its mission since its foundation. Imperial College's approach to translation is distinguished by being: (i) open to external engagement, which stimulates the exchange of new ideas and a shared understanding of how emerging challenges might be addressed; (ii) multidisciplinary in mobilising people, knowledge and expertise across internal and external boundaries; and (iii) innovative in widening the overall reach and impact of its work – both in the UK and internationally. The College seeks to ensure that translating both into, and from, practice continues to remain an integral part of how it maximises value for society from its education and research.

Summary

In 2014–15 the College fulfilled its educational and research mission, bringing direct benefit to its members and to society at large.

Corporate governance

The following corporate governance statement is provided to enable the reader of the financial statements to obtain a better understanding of the governance and legal structure of the College.

Principles

The College is committed to exhibiting best practice in all aspects of corporate governance. It 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), and with the guidance to universities from the Committee of University Chairmen in its *Guide for Members of Higher Education Governing Bodies in the UK*, the latest edition of which was published by the Higher Education Funding Council for England (HEFCE) in 2009.

Legal Status

The College is an independent corporation whose legal status derives from a Royal Charter granted under Letters Patent in 1907. Its objects, powers and framework of governance are set out in its Charter and Statutes, which were granted by Her Majesty The Queen in 1998. On 4th April 2007 a Supplemental Charter and Statutes were granted by Her Majesty. This Supplemental Charter, which came into force on the date of the College's Centenary, 8th July 2007, established the College as a University with the name and style of "*The Imperial College of Science, Technology and Medicine*".

Governance

The Charter and Statutes require the College to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities as follows:

The Council is 'the governing and executive body of the College', and is responsible for the finance, property, investments and general business of the College, and for setting its general strategic direction. There are up to 23 members of the Council, the majority of whom are external members, including the Chair and Deputy Chair. Also included in its membership are representatives of the staff of the College and of the student body. None of the external members receive any payment, apart from the reimbursement of expenses, for the work they do for the College.

The Court is a large stakeholder body which includes representatives from associated NHS Trusts, funding agencies, alumni and companies, public sector bodies and charities which fund research and employ graduates from the College. It consists of 100 members most of whom are from outside the College and offers a means whereby stakeholders with an interest in the College can be associated with it, and provides a public forum where members of the Court can raise any matters about the College. Its membership also includes representatives of the College's staff and students. In addition, changes to the College's Charter require the approval of the Court before they can be submitted to the Privy Council. The Court normally meets once a year.

The Senate is the academic authority of the College and draws its membership entirely from the staff and students of the College. Its role is to direct and regulate the teaching work of the College.

The principal academic and administrative officer of the College is the President who has responsibility to the Council for maintaining and promoting the efficiency and good order of the College. Under the terms of the formal Financial Memorandum between the College and the Funding Council, the President is the Designated Officer of the College and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons. The financial management of the College is prescribed in the Financial Ordinance approved by the Council and conducted in accordance with the Financial Memorandum with the Funding Council.

The President has ultimate responsibility for all of the University's functions and activities, but gives greater emphasis to Imperial's external relationships, development and fundraising. The President is supported in this by the Provost, who has direct responsibility for the delivery of the College's core mission: education, research and translation. The Provost reports directly to the President and together they have responsibility for the strategic direction of the College.

As Chief Executive of the College, the President exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and the shaping of the institutional ethos. She is supported in this by a President's Board whose primary function is to plan for and address issues of broad, strategic, and College-wide significance.

The Provost is supported and advised by the Provost's Board. The Provost's Board is responsible for the delivery of the College's core academic mission, including oversight of the quality and efficacy of education and research; recruitment, development and retention of academic and research staff; and student life and well-being. It also has responsibility for delegated budgets and their financial control.

The Council is responsible for the College's system of internal control and for reviewing its effectiveness. Its approach is risk-based and includes an evaluation of the likelihood and impact of risks becoming a reality and also ensures that risk assessment and internal control procedures are embedded in the College's ongoing operations. The reviews included in the College's risk-based Strategic Audit Plan cover business, operational and compliance issues as well as financial risk. Such a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Council's view is that there is an ongoing process for identifying, evaluating and managing the university's significant risks that has been in place for the year ended 31 July 2015 and up to the date of approval of the annual reports and financial statements, that it is regularly reviewed by the Council and that it accords with the internal control guidance for directors in the Combined Code as deemed appropriate for higher education.

The Council meets at least four times a year and, following the completion of a review of governance in 2010, now has six committees; the Audit Committee, the Endowment Board, the Imperial White City Syndicate, the Nominations Committee, the Remuneration Committee and the Risk Committee. These are formally constituted as committees of the Council with written terms of reference and specified membership, including a significant proportion of external members. The decisions of these committees are reported formally to the Council.

The Audit Committee meets three times a year with the College's internal and external auditors in attendance. It considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from

the Funding Council as they affect the College's business and monitors adherence to regulatory requirements. The Committee reports directly to the Council and has the authority to call for any information from the College officers, from internal and external auditors and from others whom it considers necessary to consult in order to discharge its responsibilities effectively. Whilst senior officers attend meetings of the Committee, they are not members of it. At least once a year the Committee meets separately with the internal and external auditors on their own for independent discussions. The Audit Committee also receives regular reports from Internal Audit and from the President's and Provost's Board. Its role in this area is confined to a high level review of the arrangements for internal control, value for money, risk management and the arrangements for the management and quality assurance of data submitted to formal funding bodies at the College. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Endowment Board manages those College assets that are not essential to the core academic mission of the College and that can therefore be managed with a pure investment focus. Its Terms of Reference include an obligation to maintain a diversified portfolio of investments, to have regard to the suitability of the investments within this portfolio and to manage the investments in a way that is appropriate to achieve the Investment Objective set by the Council. The Investment Objective necessitates growth in value of the non-core assets in line with inflation whilst also providing a regular distribution for the core academic mission of the College. Within these restrictions, the Endowment Board is authorised to make such investments as it sees fit.

The Imperial White City Syndicate's primary role is to advise Council on recommendations made to it by the President's Board regarding all aspects of the development of the Imperial White City Campus: masterplanning, commercial strategy and financial strategy. It also provides advice and guidance to the President's Board and the Imperial White City executive team on the execution of Council decisions.

The Nominations Committee considers nominations for membership of the Court and Council and for the latter's Committees.

The Remuneration Committee determines the remuneration of senior staff in the College including the President and the Provost.

The Risk Committee's primary objective is to consider the strategic risks facing the College and the actions proposed to mitigate these risks.

The Provost's Board receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the operational units.

The College maintains a Register of Interests of members of the Council and of Senior Officers which may be consulted by arrangement with the Clerk to the Court and Council.

The College Secretary and Registrar is the Clerk to the Court and Council. Any enquiries about the constitution and governance of the College should be addressed to him.

Responsibilities of the Council

The Council has adopted the Governance Code of Practice published by the Committee of University Chairmen, and accordingly has approved the following Statement of Primary Responsibilities:

- To approve the mission and strategic objectives of the College, its long-term business plans and key performance indicators, and to ensure that these take account of the interests of the College's stakeholders.
- To safeguard the good name and values of the College.
- To appoint the President, the College's chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- To appoint other executive members of the Council as specified in the Statutes.
- To delegate authority to the President, as chief executive, as advised by the President's Board for the academic, corporate, financial, estate and personnel management of the College.
- To assess risk to the College and to position its management and mitigation.
- To ensure the establishment of systems of control and accountability, including financial and operational controls, risk assessment, and procedures for managing conflicts of interest; and monitor the effectiveness of these systems.
- To ensure that processes are in place for regular monitoring and evaluation of the performance and effectiveness of the College against its approved plans and key performance indicators.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To be the principal financial and business authority of the College, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the university's assets, property and estate.
- To be the College's legal authority and, as such, to ensure that systems are in place to ensure that all its legal obligations, including those arising from contracts and other legal commitments made in its name, are properly met.
- In accordance with the College's Charter and Statutes, to act as trustee for any property, legacy, endowment,

bequest or gift in support of the work and welfare of the College.

- To ensure that the College's Charter and Statutes are adhered to at all times, with appropriate advice available as necessary.
- To approve the College's human resources strategy.
- To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- To appoint a Clerk to the Council and ensure that accountability for his/ her performance in that capacity is properly separated from such managerial responsibilities as he/she may have in the College.

In accordance with the College's Charter and Statutes, the Council is responsible for the efficient management and good conduct of all aspects of the affairs of the University (including its finances and property). It is required to present audited financial statements for each financial year. As such it is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Charter of Incorporation, the Statement of Recommended Practice (SORP) on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, and in accordance with the formal Financial Memorandum between the College and the Higher Education Funding Council for England, the Council, through its Designated Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College 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:
- suitable accounting policies are selected and applied consistently;
 - judgements and estimates are made that are reasonable and prudent;
 - the SORP and applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
 - the College has adequate resources to continue in operation for the foreseeable future and for this reason the financial statements are prepared on a going concern basis.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

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

- clear definitions of the authority delegated to deans of faculties and heads of academic and administrative departments and divisions as set out in the College's approved Levels of Authority;
- approval by Council each year of a College budget and a three year rolling College plan which, whilst driven from the academic standpoint, are based on detailed financial projections of all College budget centres;
- a comprehensive monthly review of the financial performance of all budget centres and update of forecast outturns with a report to the President and senior College staff, to the President's Board and to Governors at each Council meeting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- a comprehensive Financial Ordinance, detailing financial controls and procedures, approved by the Audit Committee and the Council;
- independent internal auditors, whose risk-based Strategic Audit Plan of work (based upon the College's Risk Register) is approved by, and conclusions subsequently reviewed by, the Audit Committee.

The Audit Committee, on behalf of the Council, regularly reviews the effectiveness of the internal controls in the College and its subsidiaries. Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Council and Council committees



Members of Imperial's Council 2014–15 who attended their Meeting in May 2015. **Back row:** Mr Jeremy Newsum, Professor Tom Welton, Mr John Cullen, Professor Gavin Screation, Mr Stewart Newton, Mr Muir Sanderson, Professor Jeff Magee, Mr John Neilson, Sir Philip Dilley, Mr Iain Conn, Professor G. 'Anand' Anandalingam. **Front row:** Professor Nigel Gooderham, Professor James Stirling, Professor Alice Gast, Baroness Manningham-Buller, Ms Rachel Lomax, Dame Ruth Carnall, Mr Chris Brinsmead, Professor Dame Julia Higgins.

The Council

Chairman:

- Baroness Manningham-Buller (to 17 May 2015)
- Sir Philip Dilley (from 18 May 2015)

Co-opted External Members:

- Mr C Brinsmead
- Dame Ruth Carnall
- Mr I Conn
- Mrs P Couttie (to 30 September 2014)
- Mr J Cullen (from 11 November 2014)
- Sir Philip Dilley (to 17 May 2015)
- Ms R Lomax
- Mr JHM Newsum
- Mr S Newton (to 30 September 2015)
- Ms K Owen (to 30 September 2014)

Ex-Officio:

- President: Professor AP Gast (from 1 September 2014)
- President: Professor Sir Keith O'Nions (to 31 August 2014)
- Provost: Professor James Stirling
- Chief Financial Officer: Mr M Sanderson

Senior Staff Representatives:

- Professor G 'Anand' Anandalingam
- Professor MJ Dallman (to 31 December 2014)
- Professor D Kelleher (to 28 February 2015)
- Professor J Magee
- Professor G Screation (from 1 March 2015)
- Professor T Welton (from 1 January 2015)

Elected Staff Member:

- Professor N Gooderham (to 30 August 2015)
- Professor N Alford (from 1 September 2015)

President, Imperial College Union:

- Mr T Wheeler (to 31 July 2015)
- Ms L Sandon-Allum (from 1 August 2015)

Co-opted Member

- Professor Dame Julia Higgins

Clerk to the Court and Council:

- Mr JS Neilson

Audit Committee

Chairman:

- Mrs P Couttie (to 30 September 2014)
- Mr J Cullen (from 11 November 2014)

Membership:

- Ms R Lomax
- Mr S Newton (to 30 September 2015)
- Ms K Kantor (co-opted)

Secretary:

- Mr JB Hancock

Endowment Board

Chairman:

- Mr S Newton (to 15 May 2015)
- Mr N Moakes (from 16 May 2015)

Membership:

- Professor DKH Begg
- Professor AP Gast (from 1 September 2014)
- Mr N Moakes (to 15 May 2015)
- Mr J Newsum
- Mr S Newton (from 16 May to 30 September 2015)
- Professor Sir Keith O'Nions (to 31 August 2014)
- The Hon. R Rayne
- Ms A Rudebeck (from 29 July 2015)
- Mr M Sanderson

Secretary:

- Ms J Soulieux

Imperial White City Syndicate

Chairman:

- Mr J Newsum

Membership:

- Sir John Armitt
- Sir Philip Dilley
- Dr R Easton
- Professor AP Gast (from 1 September 2014)
- Professor Sir Keith O'Nions (to 31 August 2014)
- Mr S Laidlaw
- Ms R Lomax
- Mr S Newton (to 30 September 2015)

Secretary:

- Mr A Nuttall

Nominations Committee

Chair

- Baroness Manningham-Buller (to 17 May 2015)
- Sir Philip Dilley (from 18 May 2015)

Membership

- Dame Ruth Carnall (from 1 October 2014)
- Sir Philip Dilley (to 17 May 2015)
- Professor AP Gast (from 1 September 2014)
- Professor Dame Julia Higgins
- Mr J Newsum
- Professor Sir Keith O'Nions (to 31 August 2014)
- Ms K Owen (to 30 September 2014)
- Mr M Sanderson
- Professor J Stirling

Secretary

- Mr J Neilson

Remuneration Committee

Chairman:

- Baroness Manningham-Buller (to 17 May 2015)
- Sir Philip Dilley (from 18 May 2015)

Membership:

- Mr C Brinsmead
- Sir Philip Dilley (to 17 May 2015)
- Ms R Lomax
- Mr J Newsum
- Ms K Owen (to 30 September 2014)

Secretary:

- Mrs L Lindsay

Risk Committee

Chair

- Ms R Lomax

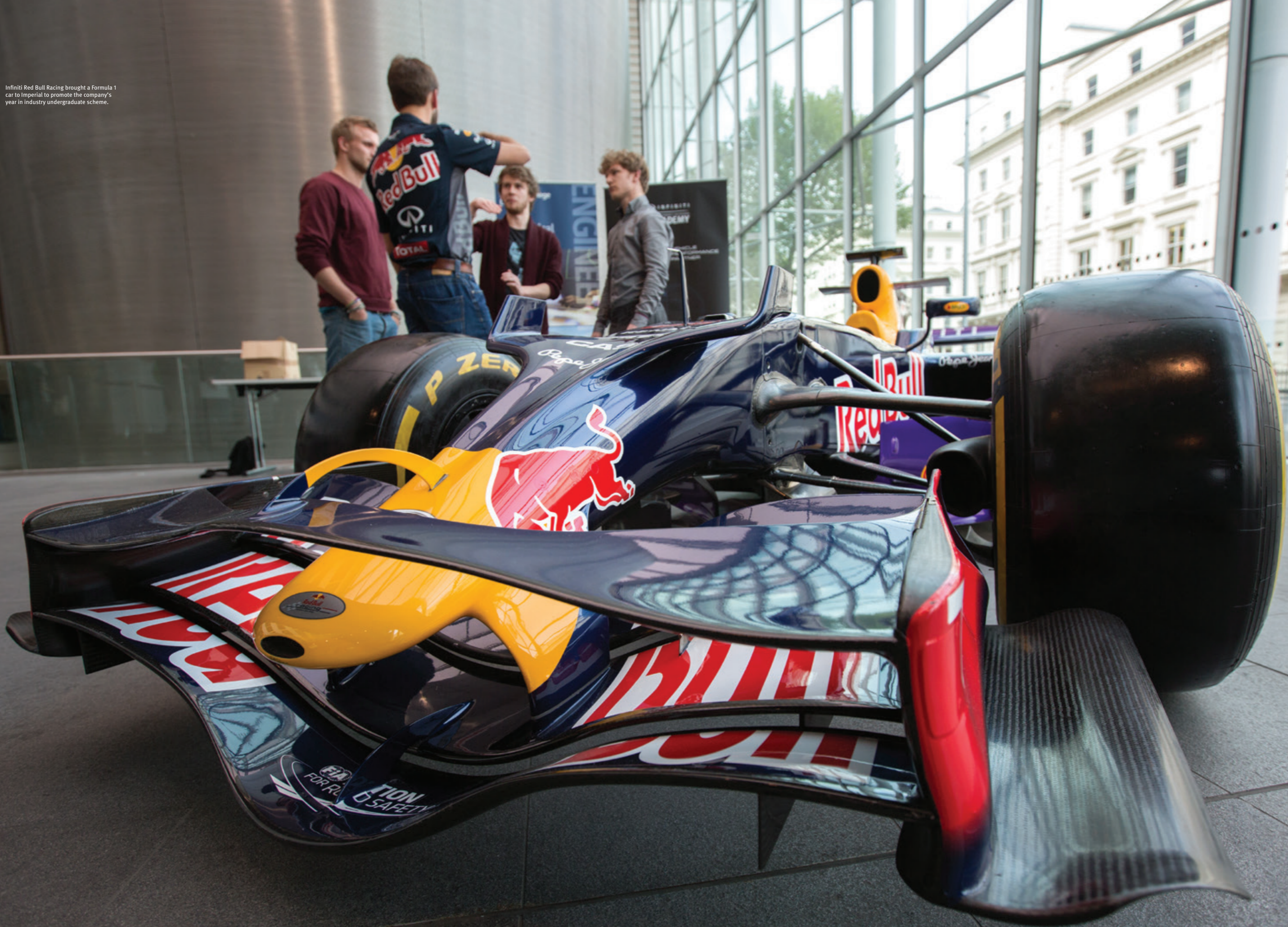
Membership

- Mr C Brinsmead (from 22 November 2014)
- Dame Ruth Carnall (from 25 June 2014)
- Mr J Cullen (from 15 May 2015)
- Professor AP Gast (from 1 September 2014)
- Dr J Groom
- Mr J Newsum
- Mr S Newton (to 30 September 2015)
- Professor Sir Keith O'Nions (to 31 August 2014)
- Mr M Sanderson
- Ms L Sandon-Allum (from 1 August 2015)
- Professor J Stirling
- Mr T Wheeler (to 31 July 2015)

Secretary

- Ms J Soulieux

Infiniti Red Bull Racing brought a Formula 1 car to Imperial to promote the company's year in industry undergraduate scheme.





Scholar Hayden Ann Orme with donors Andrew Carr and Ali Ball from the scholarship programme launched by US firm Thermo Fisher, which supports undergraduates studying STEM subjects at Imperial and four other universities worldwide.

Financial year 2014–15



Independent auditors' report

Independent auditors' report to the Council of Imperial College of Science, Technology and Medicine ("Imperial College London") (the "institution")

Report on the financial statements

Our opinion

In our opinion Imperial College London's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

What we have audited

The financial statements comprise:

- the Consolidated and Parent Institution Balance Sheets as at 31 July 2015;
- the Consolidated Income and Expenditure Account for the year then ended;
- the Statement of Consolidated Total Recognised Gains and Losses for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Statement of Principal Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Opinions on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's statutes; and

- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group. We have no exceptions to report from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Council and auditors

As explained more fully in the Responsibilities of the Council set out on page 14 the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with section 11 of the Charters and Statutes of the institution and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 20 November 2015

- a) The maintenance and integrity of Imperial College London's website is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Consolidated income and expenditure account

For the year ended 31 July 2015

	Note	2015 £m	2014 £m
Income			
Funding Council grants	1	155.4	161.4
Academic fees and support grants	2	223.4	196.8
Research grants and contracts	3	427.7	350.9
Other income	4	163.0	148.0
Endowment and investment income	5	9.1	7.4
Total income		978.6	864.5
Less: share of income from joint ventures		(9.3)	(10.0)
Net income		969.3	854.5
Expenditure			
Staff costs	6	448.3	421.4
Depreciation	9	62.3	58.0
Other operating expenses	7	310.4	303.0
Interest and other finance costs	8	14.1	11.4
Total expenditure	9	835.1	793.8
Surplus on ordinary activities before exceptional operating items		134.2	60.7
Exceptional operating items			
Recognition of deferred capital grants	19, 26	5.3	–
Reversal of depreciation charges	11, 26	9.1	–
Surplus on ordinary activities after exceptional operating items		148.6	60.7
Share of results in joint ventures and associates		(8.7)	(0.8)
Taxation	3	(13.2)	–
Surplus before exceptional items		126.7	59.9
Exceptional items			
Profit from sale of fixed assets	26	–	2.7
Profit on disposal of interests in associated undertakings	26	–	22.2
Surplus after exceptional items		126.7	84.8
Transfer from accumulated income within endowments	20	2.9	1.3
Surplus for the year retained within general reserves		129.6	86.1

No operations were discontinued during the year. All operations above are continuing.

Note of historical cost surpluses and deficits

For the year ended 31 July 2015

Surplus after exceptional items before tax	139.9	84.8
Realisation of revaluation gains on fixed asset investments sold in the year	–	0.4
Historical cost surplus for the year before tax	139.9	85.2
Historical cost surplus for the year after taxation	126.7	85.2

Balance sheets

as at 31 July 2015

	Note	Consolidated		College	
		2015 £m	2014 £m	2015 £m	2014 £m
Fixed assets					
Tangible assets	11	1,255.6	1,123.8	1,235.2	1,104.5
Investments	12	343.2	185.5	298.0	139.2
Investments in joint ventures:					
Share of gross assets	13	1.0	50.0	–	–
Share of gross liabilities	13	(0.1)	(35.1)	–	–
		1,599.7	1,324.2	1,533.2	1,243.7
Endowment assets	14	113.6	98.0	113.6	98.0
Current assets					
Stocks		0.5	0.5	0.3	0.2
Debtors	15	241.2	186.4	254.9	200.1
Investments and short term deposits	25	79.2	–	79.2	–
Cash at bank and in hand	25	142.0	262.6	137.6	259.8
		462.9	449.5	472.0	460.1
Creditors: amounts falling due within one year	16	(488.2)	(502.0)	(502.5)	(507.6)
Net current liabilities		(25.3)	(52.5)	(30.5)	(47.5)
Total assets less current liabilities		1,688.0	1,369.7	1,616.3	1,294.2
Creditors: amounts falling due after more than one year	17	(310.3)	(247.2)	(310.3)	(247.2)
Provisions for liabilities and charges	18	(13.9)	(24.6)	(13.9)	(24.6)
Total net assets		1,363.8	1,097.9	1,292.1	1,022.4
Represented by:					
Deferred capital grants	19	417.7	383.5	415.8	381.4
Endowment funds					
Expendable	20	39.5	34.1	39.5	34.1
Permanent	20	74.1	63.9	74.1	63.9
		113.6	98.0	113.6	98.0
Reserves					
Revaluation reserve	22	104.2	18.3	91.5	5.7
Income and expenditure account	21,22	728.3	598.1	671.2	537.3
		832.5	616.4	762.7	543.0
Total funds		1,363.8	1,097.9	1,292.1	1,022.4

The financial statements on pages 22 to 46 were approved by the Council on 20 November 2015 and signed on their behalf by:

Sir Philip Dille, Chair

Professor Alice Gast, President

Mr Muir Sanderson, Chief Financial Officer

Consolidated cash flow statement

For the year ended 31 July 2015

	Note	2015 £m	2014 £m
Net cash inflow from operating activities	24	88.2	120.0
Returns on investments and servicing of finance			
Income received from endowments		–	0.1
Income received from short-term investments		4.1	6.3
Income received from fixed asset investments		4.8	–
Other interest received		0.3	0.6
Interest paid		(6.7)	(5.6)
Interest element of finance lease payments		(5.4)	(5.2)
		(2.9)	(3.8)
Capital expenditure and financial investment			
Payments to acquire tangible assets		(133.1)	(202.8)
Purchase of fixed asset investments		(24.0)	(17.5)
Purchase of endowment assets		(6.3)	(5.5)
Total payments to acquire fixed and endowment assets		(163.4)	(225.8)
Receipts from disposal of tangible assets		0.7	5.6
Receipts from fixed asset investments		4.8	3.8
Receipts from endowment assets		4.5	6.8
Deferred capital grants received		52.1	47.1
Endowments received		11.7	5.5
Endowments released		–	(2.9)
		(89.6)	(159.9)
Acquisitions and disposals			
Purchase of interest in a joint venture		(20.0)	(2.5)
Cash transferred on disposal of joint venture		4.0	–
Receipts from disposal of interest in an associate		–	10.1
		(16.0)	7.6
Management of liquid resources			
Movement in short-term deposits		(79.2)	110.0
		(79.2)	110.0
Financing			
Receipts from loan facility		70.0	–
Provision of loan facility		(79.3)	–
Loan repayments		(5.8)	(5.8)
Capital element of finance lease repayments		(0.6)	(0.6)
		(15.7)	(6.4)
(Decrease)/Increase in cash	25	(115.2)	67.5

Reconciliation of net cash flow to movement in net funds

For the year ended 31 July 2015

	Note	2015 £m	2014 £m
(Decrease) / Increase in cash in the period		(115.2)	67.5
Movement in short-term investments		79.2	(110.0)
Movement in loan balances		(64.2)	5.8
Movement in lease balances		0.6	0.6
Change in net funds		(99.6)	(36.1)
Net funds at 1 August		34.1	70.2
Net funds at 31 July	25	(65.5)	34.1

Statement of consolidated total recognised gains and losses

For the year ended 31 July 2015

	Note	2015 £m	2014 £m
Surplus after exceptional items		126.7	84.8
Increase in market value of endowment assets	20	6.8	–
Net endowment additions	14, 20	11.7	2.6
Revaluation of investments within fixed assets	22	86.5	12.5
Subsidiary companies funds moved to reserves		–	0.4
Total recognised gains relating to the year		231.7	100.3
Opening reserves and endowments		714.4	
Total recognised gains relating to the year		231.7	
Closing reserves and endowments		946.1	

Statement of principal accounting policies

1. Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of endowment and fixed asset investments, and in accordance with both the *Statement of Recommended Practice: Accounting for Further and Higher Education Institutions (SORP)* and applicable UK accounting standards. The accounting policies have been applied consistently year on year.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the College, Imperial College Union and all subsidiary undertakings for the financial year to 31 July. The consolidated income and expenditure account includes the College's share of the income, expenditure and tax of associated undertakings and joint ventures, while the consolidated balance sheet includes investment in associated undertakings and joint ventures at the College's share of their net assets. Associated undertakings are those in which the College has a significant, but not dominant, influence over their commercial and financial policy decisions. Joint ventures represent investments in which the College has joint control.

A separate income and expenditure account for the parent organisation has not been presented because the College has taken advantage of the exemption allowed under s408 of the Companies Act 2006. Similarly the College has taken advantage of the exemption conferred by Financial Reporting Standard 1 (Revised) and presented a cash flow statement on a consolidated basis only.

For those subsidiary, joint venture and associated undertakings that have different accounting year-end dates, management accounts to 31st July for these companies have been consolidated. For those subsidiary and associated companies that report under International Financial Reporting Standards for their own financial statements, namely Imperial Innovations Group plc, accounts have been restated to comply with UK Accounting Standards for the purposes of consolidation into these consolidated Group accounts.

3. Recognition of income and expenditure

Income from research grants and contracts and other services rendered is included to

the extent of the associated expenditure incurred during the year together with any related contributions towards overhead costs. The same applies to donations where there are conditions that prevent immediate recognition.

Fee income is credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to endowments. Income is deferred only when the College has to fulfil conditions before becoming entitled to it or where it has been specified by the donor that the money should be expensed in a future period.

Expenditure incurred relates to the receipt of goods and services. This includes patent costs which are written off in the year that they are incurred rather than being capitalised. A provision for bad debts is estimated on the basis that as debts become older, a higher percentage become irrecoverable.

Where the College disburses funds it has received as paying agent on behalf of the Funding Council or other body, and has no beneficial interest in the funds, the receipt and subsequent disbursement of the funds have been excluded from the income and expenditure account.

4. Pension schemes

The College participates in four principal pension schemes which are funded defined benefit schemes. The schemes are contracted-out of the State Second Pension (S2P). The SAUL, USS and FPS schemes are valued formally every three years by professionally qualified and independent actuaries using the Projected Unit method. The NHS Pension scheme is valued every four years using the Aggregate method.

The USS, SAUL and NHS are multi-employer schemes and it is not possible to identify the College's share of the underlying assets and liabilities of the schemes. Therefore, as required by FRS 17, the contributions are charged directly to the income and expenditure account as if the schemes were defined contribution schemes.

The FPS pension scheme is accounted for on the basis of FRS 17. The scheme's

assets are included at market value and the scheme's liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The College's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet, with surplus included only to the extent that it is recoverable through reduced contributions in the future or through refunds from the scheme. The current service cost and past service costs are included within staff costs and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on the scheme's liabilities, is included within endowment income. Actuarial gains and losses, including differences between the expected and actual return on the scheme's assets, are recognised in the statement of total recognised gains and losses.

5. Foreign currencies

Transactions denominated in Euros, US Dollars and other foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates of exchange or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are recognised as part of income and expenditure.

6. Leases

Leases which transfer substantially all of the risks and rewards of ownership of the leased asset are classified as finance leases. Assets held under finance leases together with the related lease obligations are recorded on the balance sheet with initial values equivalent to the purchase price of the asset. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

All other leases are classified as operating leases. Operating lease costs are charged to the income and expenditure account on a straight line basis over the relevant lease term unless another systematic and rational basis is more appropriate.

7. Land and buildings

Purchased land and purchased or constructed buildings are stated at cost. Freehold land is not depreciated while leasehold land is depreciated over the life of the lease. Buildings, including service plant, are depreciated over their expected useful lives or at the rate of 2% per annum of their historical cost (no purchased buildings are held on leases of less than 50 years). Where land and buildings are acquired with the aid of specific grants, the grants are treated as deferred capital grants and released to income at the same rate as depreciation is charged.

Costs incurred in relation to buildings after their initial acquisition are capitalised only to the extent that they increase the expected future benefits beyond those originally assessed. The cost of such enhancements are depreciated at the rate of 2% per annum, or over the life of the asset if shorter. Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets. Assets under construction are capitalised at cost and not depreciated.

Some accommodation within associated hospitals is occupied rent free by the College but this is offset to some extent at least, by College accommodation occupied rent free by them although the exact amounts are not separately identifiable.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

8. Fixtures, fittings, tools and equipment

Fixtures, fittings, tools and equipment, including computers and software, costing less than £50,000 per individual item or group of related items are written off in the year of acquisition. All other items are capitalised.

Capitalised equipment is stated at cost and, once in service, depreciated over its expected useful life or at 20% per annum;

equipment acquired for specific research projects is depreciated over the remaining life of the project (generally three years).

Where fixtures, fittings, tools and equipment are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income at the same rate as depreciation is charged.

9. Reserves

Discretionary reserves are earmarked for specific purposes by the management of the College whereas non-discretionary reserves are legally restricted.

10. Investment properties

Investment property is held for long-term rental yields or capital appreciation. Investment property is stated at its fair value. Changes in fair values are recorded in the statement of total recognised gains and losses.

11. Investments

Endowment asset investments and listed fixed asset investments are included in the balance sheet at market value less a provision, where appropriate, to reflect restrictions in their marketability. Fixed assets investments that are not listed on a recognised stock exchange are carried at cost less any provision for impairment in their value except where costs are revalued in compliance with accounting standards. Current asset investments are included at the lower of cost and net realisable value. Increases/decreases in value arising on the revaluation of fixed asset investments are carried to the revaluation reserve; a diminution in value is taken to the income and expenditure account to the extent it is not covered by a previous revaluation surplus. Investments in associated companies where the input from the College is represented only by the intellectual property rights are valued at zero historical cost.

12. Stocks

Only the value of stocks held in the refectories and central stores are included on the balance sheet. They are valued at the lower of cost and net realisable value.

13. Cash flows and liquid resources

Cash flows comprise increases and decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours has been agreed. No investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable stores of value. They include term deposits, government securities and loan stock held as part of the College's treasury management activities. They exclude any such assets held as endowment asset investments.

14. Taxation status

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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 College receives no similar exemption in respect of Value Added Tax. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

15. Share based payments

Certain employees (and Directors) of Imperial Innovations Group plc, an associate of the College, receive remuneration in the form of share based payments. Equity settled share based payments are measured at fair value, using the binomial option pricing model, at the date of grant. This fair value is expensed on a straight-line basis to the income and expenditure account over the vesting period, based on an estimate of shares that will eventually vest. A corresponding credit is taken to the share-based payment reserve.

Notes to the accounts

1. Funding Council grants	Note	2015 £m	2014 £m
Recurrent – teaching		33.0	40.0
Recurrent – research		98.8	98.4
Higher Education Innovation Fund (HEIF)		2.3	2.4
Project capital allocations		42.9	14.9
Other specific grants		2.3	1.3
<hr/>			
Grants from Higher Education Funding Council for England (HEFCE)		179.3	157.0
<hr/>			
Transferred to deferred capital grants in the year			
Buildings	19	(42.8)	(14.1)
Equipment	19	–	(0.7)
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Deferred capital grants released in the year			
Buildings	19	14.6	14.5
Equipment	19	4.3	4.7
<hr/>		155.4	161.4

2. Academic fees and support grants	Registered student numbers		2015 £m	2014 £m
	31 Dec 2014	31 Dec 2013		
Full-time home and European Union students	9,989	9,891	63.5	53.9
Full-time overseas students	5,301	4,844	124.0	108.3
Part-time students	1,057	1,196	7.6	8.3
Research training support grants			22.2	21.2
Short course fees			6.1	5.1
<hr/>			223.4	196.8

Research training support grants include £3.9 million (£3.7 million in 2014) of tuition fees paid in respect of full-time home and European Union students.

Total numbers of full-time and part-time students are 16,347 in 2015 and 15,931 in 2014 (excluding those on research training support grants and short courses).

3. Research grants and contracts	2015 £m	2014 £m
UK research councils	117.7	108.3
UK government departments, local and health authorities	117.7	57.0
UK industry, commerce and public corporations	25.3	21.0
UK charities	64.2	64.7
UK other	1.2	3.0
European Commission	41.8	41.2
Other European Union and overseas	59.8	55.7
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	427.7	350.9
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Research income relating to the direct expenditure incurred during the year	292.7	285.8
Contributions towards overhead costs	74.3	65.1
UK central government tax credits for a research and development expenditure	60.7	–
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	427.7	350.9

Research from UK government departments in 2015 includes a Research and Development Expenditure Credit (RDEC) of £60.7 million. The RDEC tax scheme has been designed to incentivise R&D and is based on eligible R&D expenditure. This initial claim is in respect of the past 3 years. The gross value of the claim is shown above as research income and the tax deduction relating to the claim of £13.2 million is shown as taxation on the face of the income and expenditure statement. None of these amounts had been received at year-end and they were therefore included within accrued income in note 15.

Total research income excludes £16.1 million (£12.9 million in 2014) capital grants received and deferred in 2015 but includes £14.2 million (£10.3 million in 2014) released from deferred capital grants.

UK other category includes restricted grant aid from the Big Lottery Fund (BLF). The total amount of funding awarded for projects ongoing in 2015 was £3 million (2014: £3 million) to fund a UK-wide expansion of an interdisciplinary study of the natural environments. Of this total awarded, £1.1 million (2014: £0.3 million) has been spent and recognised in the year (£0.5 million by the College, and £0.6 million by unrelated third party partners).

4. Other income	2015 £m	2014 £m
Health and hospital authorities	16.8	16.4
Consultancies and scientific services	18.6	18.8
Research donations	6.4	–
Other donations	8.9	2.6
Residences, catering and conferences	52.3	48.7
Rents receivable	13.6	11.0
Commissions and fees	3.7	2.3
Other departmental income	21.4	28.3
Released from deferred capital grants on land and buildings	1.6	2.0
Released from deferred capital grants on equipment	0.1	0.1
Other income	19.6	17.8
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	163.0	148.0

Following a review of research grants and contracts, certain projects have been reclassified and shown as research donations or other donations above.

Notes to the accounts

5. Endowment and investment income	Note	2015 £m	2014 £m
Income from expendable endowment investments	20	0.5	0.5
Income from permanent endowment investments	20	1.2	1.1
Income from long-term investments		1.2	–
Income from short-term investments		5.9	5.2
Other interest receivable		0.3	0.6
		9.1	7.4

6. Staff	Note	2015 £m	2014 £m
Staff costs			
Wages and salaries		368.5	346.4
Social security costs		32.6	30.6
Other pension costs	30	45.9	43.2
		447.0	420.2
Restructuring costs		1.3	1.2
		448.3	421.4

	2015 £000	2014 £000
Emoluments of the President:		
Remuneration	349	368
Other	25	21
	374	389
Employer's pension contributions	56	–
	430	389

The President & Rector, who retired in August 2014, had elected not to join the pension scheme and therefore no employer's contributions have been paid.

Since appointment in September 2014, the new President contributes to the Universities Superannuation Scheme (USS) pension scheme through the PensionSMART salary sacrifice scheme, which is the College's standard method of contribution. Under PensionSMART, the member of staff does not make any direct payments to the pension scheme, and their Basic Salary (and other elements of pensionable income) is reduced by the percentage they are eligible to contribute. The College contributes both the employer and employee percentage (22.5% in total) directly to the scheme on behalf of the member of staff.

Other payments comprise relocation allowance and taxable benefits in kind in respect of the President's official residence, which is necessary for performance of her duties and is used from time to time for the College's official functions.

Aggregate payments for compensation for loss of office paid to senior members of staff earning in excess of £100,000 per annum (three in 2015, nil in 2014) were as follows:

	2015 £000	2014 £000
Payments in respect of loss of office	169	–

Payments in respect of loss of office comprise termination payments paid directly to individuals in respect of loss of office, plus contributions made towards legal expenses. All compensation in respect of loss of office has been internally funded by the College.

No trustee has received any remuneration or waived payments from the College during the year in respect of their services as a trustee (2014: Nil).

The total expenses paid to or on behalf of two trustees were £3,337 (2014: £2,701).

	Full-Time Equivalent		Headcount	
	2015 Number	2014 Number	2015 Number	2014 Number
Staff numbers by major category				
Academic and Research	3,782	3,692	4,064	3,982
Professional services	2,579	2,435	2,817	2,606
Technical services	506	532	520	549
Operational services	512	470	676	594
Learning & Teaching	137	111	185	153
	7,516	7,240	8,262	7,884

The Full Time Equivalent (FTE) number is based on the headcount but adjusted to include only the pro rata element of part-time staff. The numbers include staff employed by the subsidiary companies and the Imperial College Union.

Remuneration of higher paid staff (excluding the President):	Including consultancies		Excluding consultancies	
	2015 Number	2014 Number	2015 Number	2014 Number
£100,000-£109,999	75	87	75	84
£110,000-£119,999	64	43	55	41
£120,000-£129,999	45	36	41	35
£130,000-£139,999	37	21	33	17
£140,000-£149,999	29	39	31	41
£150,000-£159,999	33	25	31	26
£160,000-£169,999	17	17	16	14
£170,000-£179,999	19	15	18	14
£180,000-£189,999	17	17	14	14
£190,000-£199,999	11	9	10	8
£200,000-£209,999	8	6	7	5
£210,000-£219,999	2	2	2	2
£220,000-£229,999	3	1	3	1
£230,000-£239,999	–	1	1	–
£240,000-£249,999	3	2	3	3
£250,000-£259,999	2	4	3	2
£260,000-£269,999	2	1	1	1
£270,000-£279,999	1	1	1	1
£280,000-£289,999	1	1	1	1
£290,000-£299,999	3	1	2	1
£300,000-£309,999	1	2	1	2
£330,000-£339,999	–	1	–	1
£340,000-£349,999	–	1	–	–
£350,000-£359,999	1	1	1	–
£360,000-£369,999	–	1	–	–
£380,000-£389,999	2	–	1	–
£390,000-£399,999	–	–	–	1
£410,000-£419,999	–	1	–	1
£420,000-£429,999	1	–	1	–
£440,000-£449,999	1	1	1	–

Remuneration of higher paid staff excludes employer's pension and National Insurance contributions, but includes payments to staff for NHS Distinction Awards and is presented with and without private consultancy services made through subsidiaries.

Notes to the accounts

	2015 £m	2014 £m
7. Other operating expenses		
Research grants and contracts	112.2	111.9
Consultancies and scientific services	0.2	2.5
Expenditure in academic departments	52.9	41.3
Residences, catering and conferences	26.1	25.2
Central support services	26.3	23.7
Bursaries and scholarships	35.5	29.4
Books, periodicals and other library expenditure	8.6	8.1
Facilities and maintenance of premises	52.7	52.5
Auditors' remuneration	0.2	0.2
Auditors' fees in respect of non-audit services	0.2	-
Other, including Imperial College Union	(4.5)	8.2
	310.4	303.0

Other expenditure includes the write back of £8.7 million from the provision for decommissioning of the engineering facility (note 18).

Included within Residences, catering and conferences is £6.1 million of operating lease payments in respect of the Wood Lane Studios student accommodation block. As detailed in note 13, the College acquired the asset during the year. The operating lease was terminated and there were no further committed operating lease payments.

	2015 £m	2014 £m
8. Interest and other finance costs		
Bank and other loans wholly repayable after more than one year	7.0	5.6
Finance lease interest	5.4	5.2
Other financing costs	1.7	0.6
	14.1	11.4

	Staff costs £m	Depreciation £m	Other operating expenses £m	Interest and other finance costs £m	2015 Total £m	2014 Total £m
9. Analysis of expenditure by activity						
Academic departments	194.0	3.2	52.9	0.2	250.3	224.5
Academic services:						
Libraries and information services	4.1	-	8.6	-	12.7	12.0
Central computer and computer networks	12.1	0.2	7.0	-	19.3	18.5
Other	4.9	-	1.1	-	6.0	5.5
Total academic services	21.1	0.2	16.7	-	38.0	36.0
Research grants and contracts	166.3	14.2	112.2	-	292.7	281.6
Residences, catering and conferences	10.3	8.1	26.1	5.4	49.9	47.8
Premises	13.9	36.2	52.7	-	102.8	103.9
Administration and central services:						
Central administration	23.9	-	12.5	-	36.4	32.4
General educational expenditure	3.9	-	39.0	-	42.9	35.5
Staff and student facilities	6.3	0.4	5.9	-	12.6	10.7
Total administration and central services	34.1	0.4	57.4	-	91.9	78.6
Other expenditure:						
Consultancies and scientific services	5.9	-	0.2	-	6.1	8.2
Other, including restructuring costs	2.7	-	(7.8)	8.5	3.4	13.2
Total other expenditure	8.6	-	(7.6)	8.5	9.5	21.4
	448.3	62.3	310.4	14.1	835.1	793.8

	Segment Total Income £m	Surplus before tax, minority interest and exceptional items £m	Total assets £m	Net assets £m
10. Segmental reporting				
Year ended 31 July 2015				
University	961.5	126.6	1,718.7	912.1
The Endowment	7.8	0.1	457.5	451.7
	969.3	104.8	2,176.2	1,363.8
Year ended 31 July 2014				
University	844.4	53.5	1,560.8	791.2
The Endowment	10.1	6.4	310.9	306.7
	854.5	59.9	1,871.7	1,097.9

The University segment represents the core academic activities of education and research.

The Endowment manages assets not required for the core academic mission of the College with a pure investment focus, in order to provide steady capital growth and a regular income to support the College's academic objectives.

Included within The Endowment's net assets of £451.7 million are the assets in respect of the endowment funds of £113.6 million (see note 14) and the College's share of the net assets of Imperial Innovations, classified as an associate.

Notes to the accounts

11. Tangible assets	Consolidated				
	Land and buildings		Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
	Freehold £m	Leasehold £m			
Cost					
At 1 August 2014	636.4	711.9	233.1	73.7	1,655.1
Transfer to investment properties	(55.9)	(3.9)	(1.7)	–	(61.5)
Additions	108.0	9.7	17.8	100.9	236.4
Transfers	10.2	7.2	9.0	(26.4)	–
Disposals	–	–	(3.3)	(0.1)	(3.4)
At 31 July 2015	698.7	724.9	254.9	148.1	1,826.6
Depreciation					
At 1 August 2014	141.1	206.1	184.1	–	531.3
Transfer to investment properties	(9.9)	(0.3)	–	–	(10.2)
Reversal of investment property charge	(7.0)	(1.0)	(1.1)	–	(9.1)
Charge for year	14.6	25.2	22.5	–	62.3
Transfers	0.2	–	(0.2)	–	–
Eliminated on disposals	–	–	(3.3)	–	(3.3)
At 31 July 2015	139.0	230.0	202.0	–	571.0
Net book value					
At 31 July 2015	559.7	494.9	52.9	148.1	1,255.6
At 31 July 2014	495.3	505.8	49.0	73.7	1,123.8
	College				
	Land and buildings		Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
	Freehold £m	Leasehold £m			
Cost					
At 1 August 2014	636.4	687.8	231.0	73.7	1,628.9
Transfer to investment properties	(55.9)	(3.9)	(1.7)	–	(61.5)
Additions	108.0	7.7	17.6	100.9	234.2
Transfers	10.2	7.2	9.0	(26.4)	–
Disposals	–	–	(3.3)	(0.1)	(3.4)
At 31 July 2015	698.7	698.8	252.6	148.1	1,798.2
Depreciation					
At 1 August 2014	141.1	201.1	182.2	–	524.4
Transfer to investment properties	(9.9)	(0.3)	–	–	(10.2)
Reversal of investment property charge	(7.0)	(1.0)	(1.1)	–	(9.1)
Charge for year	14.6	24.2	22.4	–	61.2
Transfers	0.2	–	(0.2)	–	–
Eliminated on disposals	–	–	(3.3)	–	(3.3)
At 31 July 2015	139.0	224.0	200.0	–	563.0
Net book value					
At 31 July 2015	559.7	474.8	52.6	148.1	1,235.2
At 31 July 2014	495.3	486.7	48.8	73.7	1,104.5

11. Tangible assets (continued)

	2015 £m	2014 £m
Assets held under finance leases, capitalised and included in tangible fixed assets:		
Cost	95.6	95.6
Accumulated depreciation	(7.8)	(5.7)
Net book value	87.8	89.9

Griffon Studios, the 566 postgraduate student apartment block, is held under a 45 year finance lease following its sale to and leaseback from Legal and General Pensions Ltd in 2012.

Included at cost within land and buildings for the College and Group as at 31 July 2015 is a heritage asset, being the nineteenth-century built Queen's Tower, currently insured at a value of £11.1 million (2014: £10.7 million).

12. Fixed asset investments	Consolidated		College	
	2015 £m	2014 £m	2015 £m	2014 £m
Investment in subsidiary companies at cost	–	–	22.2	10.2
Investment in other associated undertakings	74.1	75.9	6.0	6.2
Investment properties	134.4	–	134.4	–
Other fixed asset investments	134.7	109.6	135.4	122.8
	343.2	185.5	298.0	139.2

Other fixed asset investments consist of:

	2015 £m	2014 £m	2015 £m	2014 £m
Francis Crick Institute	34.0	34.0	34.0	34.0
Joint ventures	–	–	1.0	13.3
Securities	96.6	71.1	96.4	71.1
Other	4.1	4.5	4.0	4.4
	134.7	109.6	135.4	122.8

On 1 August 2014, the College reclassified those properties that it manages with an investment focus from tangible assets to investment properties. The reclassification and subsequent in-year movements are below:

	Consolidated and College		2015 £m
	Note		
At 1 August 2014			–
Transfer from tangible fixed assets at cost	11		61.5
Transfer from cumulative depreciation	11		(10.2)
Transfer from other fixed asset investments			0.2
Revaluation			72.2
Investment properties at 1 August 2014			123.7
Additions in the year			3.1
Disposals			(0.3)
Revaluation			7.9
Investment properties at 31 July 2015			134.4

Notes to the accounts

12. Fixed asset investments (continued)

As at 31 July 2015 the College's direct equity holdings in subsidiary and principal associated undertakings were as follows:

Undertaking	Activity	Holding %
Subsidiaries		
IC Consultants Ltd	Consultancy and scientific services	100.0
Imperial Activities Ltd	Commercial property services	100.0
Private Patient Healthcare Ltd	Private patient healthcare services	100.0
Burlington Danes Construction Ltd	Construction and property services	100.0
Imperial Bioincubator Ltd	Provision of facilities to spin-out companies	100.0
Imperial (Forest House) Ltd	Commercial property services	100.0
Imperial College Projects Ltd	Provision of scientific services	100.0
Imperial College Company Maker Ltd	Dormant	100.0
Imperial College Ltd	Dormant	100.0
Imperial MBA Ltd	Dormant	100.0
Imperial College London Ltd	Dormant	100.0
Wye Foundation Trust	Charitable Trust	100.0
Extracalm Company Ltd	Administrative services	100.0
Woodlands 1 (GP) Ltd	Commercial property services	100.0
Woodlands 1 LLP	Commercial property services	partnership
Woodlands 1 (Scotland) LP	Commercial property services	partnership
Extracalm Cleaning LLP	Cleaning services partnership	partnership
Imperial College Union	Student activities	–
Joint Ventures		
Imperial West Ltd	Commercial property services	50.0
Imperial West Developments LLP	Dormant	49.9
Associates		
Imperial Innovations Group plc	Commercialisation of ideas and inventions	20.1
Imanova Ltd	Environmental consultancy and scientific services	25.0

All companies are registered in England. Imperial College Union is an unincorporated association fully consolidated by the College.

13. Investment in joint ventures

	Consolidated			
	Share of gross assets 2015 £m	Share of gross liabilities 2015 £m	Share of gross assets 2014 £m	Share of gross liabilities 2014 £m
Woodlands 1 LLP	–	–	42.8	(33.7)
Imperial West Ltd	1.0	(0.1)	6.8	(1.1)
Bio Nano Centre Ltd	–	–	0.4	(0.3)
	1.0	(0.1)	50.0	(35.1)

Woodlands 1 LLP, a limited liability partnership joint venture, owned and operated a 606 bed postgraduate accommodation development on the White City Campus. On 1 April 2015 the College acquired the asset from the joint venture and recognised the asset at a cost of £98.1 million. Consideration for the asset included the write down of a £79.3 million loan the College had made to the joint venture. The partnership joint venture structure was in the process of being unwound at the year end.

During the year the College disposed of its holding in Bio Nano Centre Ltd, a UK company limited by guarantee that specialises in the development of biomedical and nanotechnology-based products.

13. Investment in joint ventures (continued)

In addition, the College holds a 50% share in Imperial West Ltd, a UK private limited company set up to achieve planning permissions at the White City Campus.

These joint ventures have been consolidated using the gross equity method.

14. Endowment assets

	Consolidated and College		
	Securities/ Investments £m	Cash £m	Total £m
At 1 August 2014	86.0	12.0	98.0
New endowments	–	11.7	11.7
Investments made	6.3	(6.3)	–
Asset redemptions (release of capital)	(4.5)	4.5	–
Investment income	1.6	0.1	1.7
Expenditure	–	(4.6)	(4.6)
Increase in market value of investments	6.8	–	6.8
At 31 July 2015	96.2	17.4	113.6

15. Debtors

	Consolidated		College	
	2015 £m	2014 £m	2015 £m	2014 £m
Amounts falling due within one year				
Amounts due on research grants and contracts				
Debtors	20.7	27.4	20.7	27.4
Work in progress	48.2	49.9	48.2	49.9
Other debtors	100.6	95.7	97.2	92.3
Prepayments and accrued income	72.3	13.7	71.4	13.3
Amounts owed by group undertakings	–	–	18.0	17.5
Provision for bad debts	(0.6)	(0.3)	(0.6)	(0.3)
	241.2	186.4	254.9	200.1

Included within Other debtors are invoices totalling £80.6 million (£71.5 million in 2014) in respect of tuition fees for courses starting in the next financial year with the income deferred on the balance sheet until the start of the course.

16. Creditors: amounts falling due within one year

	Consolidated		College	
	2015 £m	2014 £m	2015 £m	2014 £m
Bank overdraft	–	–	28.5	20.6
Bank loans	5.8	5.8	5.8	5.8
Obligations under finance leases	0.7	0.6	0.7	0.6
Deferred lease premiums	0.3	0.3	0.3	0.3
Research payments received on account	195.3	234.3	195.3	234.3
Creditors	31.7	22.2	25.7	19.3
Social security and other taxation payable	11.8	10.5	11.8	10.4
Accruals and deferred income	242.6	228.3	231.8	213.7
Amounts owed to group undertakings	–	–	2.6	2.6
	488.2	502.0	502.5	507.6

Notes to the accounts

17. Creditors: amounts falling due after more than one year	Consolidated		College	
	2015 £m	2014 £m	2015 £m	2014 £m
Bank loans	206.5	142.3	206.5	142.3
Obligations under finance leases	91.1	91.8	91.1	91.8
Deferred lease premiums	12.7	13.1	12.7	13.1
	310.3	247.2	310.3	247.2

The maturity profile of the carrying amount of the Group's liabilities, at 31 July was as follows:

	Bank loans £m	Finance leases £m	2015 £m	2014 £m
Less than one year	5.8	0.7	6.5	6.4
In more than one year but no more than two years	5.8	0.7	6.5	6.5
In more than two years but no more than five years	23.7	2.3	26.0	19.5
In more than five years	177.0	88.1	265.1	208.1
	212.3	91.8	304.1	240.5
Less than one year	(5.8)	(0.7)	(6.5)	(6.4)
	206.5	91.1	297.6	234.1

The bank loans comprise five unsecured sterling borrowing facilities.

1. A 30-year £50 million private placement arranged through Royal Bank of Scotland with a small number of institutions. It takes the form of loan notes. The facility was drawn down in a single amount in March 2003 and is not repayable until 2033. Interest at a fixed rate of 5.39% is payable annually in arrears.
2. A 15-year £23.2 million facility from the European Investment Bank. The facility was drawn in a single amount in December 2005 and repayments started in December 2009. Interest at variable rates is payable quarterly in arrears.
3. A 50-year £50 million private placement arranged through Royal Bank of Scotland with a small number of institutions. It takes the form of loan notes. The facility was drawn in a single amount in July 2006 and is not repayable until 2056. Interest at a fixed rate of 4.84% is payable annually in arrears.
4. A 15-year £50 million facility from the European Investment Bank. The facility was drawn in a single amount in May 2008 and repayments started in 2011. Interest at variable rates is payable quarterly in arrears.
5. A 25-year £140 million facility from the European Investment Bank. 50% of the facility was drawn in a single amount in December 2014 and repayments will start in 2018. Interest is fixed at 2.87% for the first drawdown and is payable quarterly in arrears.

18. Provisions for liabilities	Restructuring provision £m	Decommissioning of engineering facility £m	Total £m
Consolidated and College			
At 1 August 2014	0.2	24.4	24.6
Provided in the year	0.2	–	0.2
Utilised in the year	(0.1)	(2.6)	(2.7)
Written back in the year	–	(8.7)	(8.7)
Unwinding of the discount	–	0.5	0.5
At 31 July 2015	0.3	13.6	13.9

The provision for the decommissioning of the engineering facility has been partly written back to the income and expenditure account as a result of the completion date being brought forward by 3 years.

A number of restructuring programmes are currently underway within the College with the aim of reducing costs.

19. Deferred capital grants	Consolidated			College
	HEFCE and JISC grants £m	Other grants and benefactions £m	Total £m	Total £m
At 1 August 2014				
Buildings	267.1	82.3	349.4	347.5
Equipment	17.5	16.6	34.1	33.9
Total	284.6	98.9	383.5	381.4
Transfer to income and expenditure on reclassification to investment property				
Buildings – specific funding	(1.0)	(4.3)	(5.3)	(5.3)
Total	(1.0)	(4.3)	(5.3)	(5.3)
Cash receivable				
Buildings – specific funding (including transfers)	42.8	15.6	58.4	58.3
Equipment – specific funding	–	16.0	16.0	16.1
Total	42.8	31.6	74.4	74.4
Released to income and expenditure account				
Buildings	(14.6)	(4.2)	(18.8)	(18.6)
Equipment	(4.3)	(11.8)	(16.1)	(16.1)
Total	(18.9)	(16.0)	(34.9)	(34.7)
At 31 July 2015				
Buildings	294.3	89.4	383.7	381.9
Equipment	13.2	20.8	34.0	33.9
Total	307.5	110.2	417.7	415.8

Notes to the accounts

20. Endowment funds	Consolidated and College					
	Unrestricted permanent £m	Restricted permanent £m	Total permanent £m	Restricted expendable £m	2015 Total £m	2014 Total £m
At 1 August						
Capital	11.5	51.8	63.3	43.1	106.4	103.8
Accumulated income	–	0.6	0.6	(9.0)	(8.4)	(7.1)
	11.5	52.4	63.9	34.1	98.0	96.7
Capital movements:						
New endowments	0.5	5.4	5.9	5.8	11.7	5.5
Endowments released	–	–	–	–	–	(2.9)
Increase in market value	0.6	4.1	4.7	2.1	6.8	–
Reclassifications	(1.7)	2.1	0.4	–	0.4	–
Accumulated income movements:						
Reclassifications	(0.1)	(0.3)	(0.4)	–	(0.4)	–
Investment income	0.2	1.0	1.2	0.5	1.7	1.6
Expenditure	(0.1)	(1.5)	(1.6)	(3.0)	(4.6)	(2.9)
	0.1	(0.5)	(0.4)	(2.5)	(2.9)	(1.3)
At 31 July	10.9	63.2	74.1	39.5	113.6	98.0
Represented by:						
Capital	10.9	63.4	74.3	51.0	125.3	106.4
Accumulated income	–	(0.2)	(0.2)	(11.5)	(11.7)	(8.4)
	10.9	63.2	74.1	39.5	113.6	98.0

Included within endowments are a number of permanent funds with a deficit of accumulated income as at 31 July 2015. Within unrestricted permanent endowments there are 3 funds with a combined deficit balance of £0.1 million (2014: 3 funds with a deficit totalling £0.2 million). Within restricted permanent endowments there are 57 individual funds with a total combined deficit of £2.9 million (2014: 52 funds with a total combined deficit of £2.3 million). The College monitors funds in a deficit position, however it invests to maximise the return on its holdings, within certain risk and other parameters. Under these circumstances the permanent funds are permitted to utilise some of their capital.

21. Income and expenditure account	Consolidated £m	College £m
Balance at 1 August 2014	598.1	537.3
Surplus for the year retained within general reserves	129.6	133.4
Transfers between reserves and other movements	0.6	0.6
Balance at 31 July 2015	728.3	671.3

22. Statement of movements on reserves					Consolidated
	Balance 1 Aug 2014 £m	Surplus for the year £m	Transfer between reserves £m	Movement in year £m	Balance 31 July 2015 £m
Specific non-discretionary reserves					
Imperial College Union funds	3.4	–	0.3	–	3.7
Subsidiary and associate companies' reserves	57.4	–	(4.1)	–	53.3
	60.8	–	(3.8)	–	57.0
College income and expenditure account	537.3	129.6	4.4	–	671.3
Total income and expenditure account	598.1	129.6	0.6	–	728.3
Revaluation reserve	18.3	–	(0.6)	86.5	104.2
Total reserves	616.4	129.6	–	86.5	832.5
Revaluation reserve					
				Consolidated £m	College £m
Balance at 1 August 2014				18.3	5.7
Revaluation of investment properties				80.1	80.1
Other movements in the year				6.4	6.3
Transfer to income and expenditure account				(0.6)	(0.6)
Balance at 31 July 2015				104.2	91.5

23. Related party transactions

For some years the College has maintained a Register of Interests of all Governors, Academic and Professional Services staff. Policies incorporated within the College's Financial Regulations require an individual to declare an interest and withdraw from any commercial discussions should a conflict of interest potentially arise. Written assurances have been obtained from all Governors and senior officers of the College in respect of themselves and their close family that for the year to 31 July 2015 they have not unduly influenced any transaction between the College and a related party, as defined by FRS 8.

Commercial relationships with companies or other organisations that might be regarded as related parties have been reviewed. During the year, the College purchased goods and services amounting to £7.0 million and received research grants and contracts amounting to £25.7 million from such parties. Research grants include £22.1 million from the Wellcome Trust where Baroness Manningham-Buller is a Governor, Mr Nick Moakes is Managing Director – Investments and a member of the Investment Committee. The Wellcome Trust has detailed guidelines and controls which require that Governors withdraw from any discussion or decision making on the award of grants where there may be a conflict of interest. Research contract income also includes £1.3 million from the King Abdullah University of Science and Technology (KAUST) where President Alice Gast is a trustee. Louise Lindsay has been director of the SAUL pension scheme from January 2015.

A number of College employees also hold positions in the Imperial College Healthcare NHS Trust.

In common with many universities, senior members of the College sit on Research Councils, other NHS Trust boards and other grant awarding bodies which have their own internal procedures to avoid potential conflicts of interest.

A number of other College employees own ordinary shares in Imperial Innovations Group plc, an associate of the College. The total shareholding owned by College employees continues to represent less than one half of one per cent of the issued share capital. In addition Mr Stewart Newton, the Hon Robert Rayne and Mr Jeremy Newsum all have shareholdings in Imperial Innovations Group plc.

The College has close relationships with a number of West London NHS Trusts with whom the College shares a number of sites and facilities. College staff work closely with those Trusts particularly in the clinical service areas.

The Group has an interest in a number of joint ventures and associates which are disclosed in note 12. The Hon Robert Rayne is a Director of LMS Capital in which he has a shareholding. LMS Capital is a significant investor in Voreda Real Estate Fund LP, which was the College's joint venture partner in Woodlands 1 LLP.

Notes to the accounts

24. Reconciliation of consolidated operating surplus to net cash inflow from operating activities	2015 £m	2014 £m
Surplus on ordinary activities before exceptional operating items	134.2	60.7
Depreciation	62.3	58.0
Deferred capital grants released to income	(34.9)	(31.5)
Endowment and investment income	(9.1)	(7.4)
Profit on disposal of fixed assets	(0.6)	–
Interest payable	14.1	11.4
Increase in debtors	(60.9)	(20.3)
(Decrease)/Increase in creditors	(5.8)	52.7
Decrease in provisions	(11.1)	(5.3)
Other non-cash items	–	1.7
Net cash inflow from operating activities	88.2	120.0

25. Analysis of changes in net funds		Consolidated			
Note	Balance 1 Aug 2014 £m	Cash flow £m	Non-cash changes £m	Balance 31 Jul 2015 £m	
Cash at bank and in hand	262.6	(120.6)	–	142.0	
Cash within endowment assets	14 12.0	5.4	–	17.4	
	274.6	(115.2)	–	159.4	
Short-term investments	–	79.2	–	79.2	
Debt due within one year	(5.8)	5.8	(5.8)	(5.8)	
Debt due after one year	(142.3)	(70.0)	5.8	(206.5)	
Finance leases due within one year	(0.6)	0.6	(0.7)	(0.7)	
Finance leases due after one year	(91.8)	–	0.7	(91.1)	
	34.1	(99.6)	–	(65.5)	

Short-term investments represent deposits with terms of up to 12 months.

26. Exceptional items	Consolidated		
Note	2015 £m	2014 £m	
Exceptional operating items			
Recognition of deferred capital grants	19 5.3	–	
Reversal of depreciation charges	11 9.1	–	
	14.4	–	
Exceptional items			
Profit from sale of fixed assets	–	2.7	
Profit from the deemed disposal of interest in associated undertaking	–	16.8	
Profit from disposal of interest in an associated undertaking	–	5.4	
	–	24.9	

As detailed in note 12, on 1 August 2014 the College reclassified those properties that it manages with an investment focus from tangible assets to investment properties. The deferred capital grants and depreciation charges associated with these properties (related to previous financial years) have been recognised as exceptional operating items. Within the deferred capital grants recognised, £1.0 million related to HEFCE grants and £4.3 million related to other grants and benefactions.

26. Exceptional items (continued)

In July 2014, the College sold a 150-year lease over land at its Imperial West site in White City to Voreda for a mix of both cash and non cash consideration totalling £10.9 million. The accounting profit on disposal realised within these financial statements totalled £2.7 million.

In June 2014, the Group sold 2.5 million shares in Imperial Innovations for £10 million recognising a profit of £5.4 million. Following this, and Imperial Innovation's fundraising also carried out in June 2014, the Group's percentage investment decreased from 30.3% to 20.1%. The Group recorded a deemed profit of £16.8 million from dilution of interest in Imperial Innovations.

27. Capital commitments

	Consolidated and College	
	2015 £m	2014 £m
Capital commitments for major building projects contracted at 31 July	96.3	92.4

Included in capital commitments is £44.2 million (2014: £73.3 million) in respect of buildings at College's White City Campus and £44.6 million in respect of Woodward Buildings, a hall of residence complex, which was completed and opened in October 2015.

28. Contingent assets and liabilities

The College is involved in a number of legal cases and subject to a number of overage clauses. No material financial liabilities are anticipated.

29. Post balance sheet events

There are no material post balance sheet events to report.

30. Pension schemes

The College participates in four separate, independently managed, defined benefit, occupational pension schemes, which are contracted out of the State Second Pension (S2P); each is valued by professionally qualified and independent actuaries, triennially except the NHS Scheme which is quadrennially. The USS, SAUL and NHS pension schemes are multi-employer schemes and it is not possible to identify the College's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and hence, as required by FRS 17, contributions to the schemes are accounted for as if they were defined contribution schemes. As a result, the amounts charged to the income and expenditure account represent the contributions payable to the schemes in respect of the accounting period. Both USS and SAUL are "last man standing" schemes wherein 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.

Imperial Consultants Ltd, a subsidiary of the College, operates a defined contribution pension scheme for its employees with contributions being charged to the income and expenditure account in the period to which they relate.

USS

Staff paid on academic and academic-related scales, who are otherwise eligible, can acquire pension rights through the Universities Superannuation Scheme (USS), which is a national scheme administered centrally for UK universities. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to its employees. In 2015, the contribution rate payable was 16% (2014: 16%). At 31 March 2014, USS had over 162,000 active members and at 31 March 2015, the College had 4,046 active members participating in the scheme. The total pension cost for the College charged to the income and expenditure account was £32.6 million (2014: £30.8 million).

The latest available triennial actuarial valuation of the scheme was at 31 March 2014, which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. The latest formal triennial actuarial valuation due as at 31 March 2014 has not yet been published.

Notes to the accounts

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5%*	4.4%
Price inflation (CPI)	2.2%	2.6%
Life expectancy:		
Males (females) currently aged 65 (years)	24.2 (26.3)	23.7 (25.6)
Males (females) currently aged 45 (years)	26.2 (28.6)	25.5 (27.6)

*3.5% in the first year, 4.0% thereafter

Existing scheme's benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

A contingent liability exists in relation to the pension valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the College's expenditure is similarly not recognised.

SAUL

The College participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension for all eligible employees with the assets held in separate Trustee-administered funds.

The College has adopted FRS 17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8–12 of FRS 17.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings.

The main assumptions used to assess the technical provisions were:

Discount rate per annum:	
Before retirement	6.8%
After retirement	4.7%
General salary increases per annum	3.75%*
Pension increases per annum	2.8%

*3.75% till 31 March 2014, 4.5% thereafter

As a whole, the market value of the scheme's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain employer and member contributions at 13% of salaries and 6% of salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS 17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or CARE, benefit structure) to SAUL's benefit structure have applied from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

NHS

Staff who have pension rights in the NHS Pension Scheme, on taking up a post within the College, may remain in membership of that scheme which is the nationally administered scheme for the National Health Service. The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the College to identify its share of the underlying scheme. Therefore, the Scheme is accounted for as if it was a defined contribution scheme in accordance with FRS 17.

The Scheme is subject to a full valuation every four years. A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on the valuation data as at 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. These accounts can be viewed on the NHS Business Services Authority website www.nhsbsa.nhs.uk/pensions.

FPS defined benefit scheme

The Federated Pension Scheme 1634 (FPS) is the scheme St Mary's Hospital Medical School operated for non-academic staff prior to 1 August 1988, when it was closed to new entrants. Two thirds of the membership elected to transfer into SAUL at that time and there are now no contributing members. A full actuarial valuation was carried out as at 31 March 2013 and has been updated to 31 July 2015 by a qualified independent actuary.

The main assumptions used for the purposes of FRS 17 are (in nominal terms):

Assumptions

	2015	2014
Price inflation per annum	3.20%	3.20%
Salary inflation per annum	n/a	n/a
Pension increase in payment at the 5% LPI rate	2.20%	2.20%
Rate used to discount scheme liabilities	3.50%	4.10%
RPI	3.20%	3.20%
Post retirement mortality assumption	90% of S1PxA (b=yob)	90% of S1PxA (b=yob)

The assets in the scheme and the expected rates of return

	Rate of return		Market Value £m	
	2015	2014	2015	2014
Equities	n/a	6.75%	–	1.6
Gilts	2.25%	3.25%	4.1	1.0
Corporate bonds	3.35%	4.00%	1.0	3.9
Insured annuity contracts	3.50%	4.10%	–	0.1
Cash	0.50%	0.50%	1.7	–
Total fair value of assets			6.8	6.6

Reconciliation of the present value of scheme liabilities and fair value of assets to the asset recognised in the Balance Sheet

	2015 £m	2014 £m
Fair value of assets	6.8	6.6
Value of liabilities	(4.5)	(4.2)
Funded status	2.3	2.4
Unrecognised pension asset	2.3	2.4

The amounts to be included as other finance income

	2015 £m	2014 £m
Expected return on scheme assets	0.2	0.2
Interest on scheme liabilities	(0.2)	(0.2)
Effect of restriction on expected return	–	–
Net finance return	–	–

Changes in the present value of the defined benefit obligation

	2015 £m	2014 £m
Opening defined benefit obligation	(4.2)	(4.8)
Interest cost on obligation	(0.2)	(0.2)
Actuarial gain/(loss) on obligation	(0.3)	0.6
Benefits paid	0.2	0.2
Closing defined benefit obligation	(4.5)	(4.2)

Notes to the accounts

Changes in the present value of scheme assets	2015 £m	2014 £m
Opening fair value of assets	6.6	6.6
Expected return	0.2	0.2
Actuarial gain	0.2	–
Member contributions	–	–
Benefits paid	(0.2)	(0.2)
Closing fair value of scheme assets	6.8	6.6

Total amounts recognised in the Statement of total recognised gains and losses (STRGL)	2015 £m	2015 £m	2014 £m	2014 £m
Pension scheme asset at start of year		–		–
Actuarial gain/(loss) on assumptions	(0.3)		0.2	
Actuarial gain on experience			0.4	
Actuarial gain on assets	0.2		–	
Surplus restriction	0.1		(0.6)	
Effect of restriction on expected return	–		–	
STRGL losses		–		–
Pension scheme asset at end of year		–		–

Actual return on scheme assets	2015 £m	2014 £m
Expected return on scheme assets	0.2	0.2
Actual return on scheme assets	0.4	0.2
Actual less expected return on scheme assets	0.2	–

The pension costs for the College and its subsidiaries under SSAP 24 were:	2015 £m	2014 £m
Contributions to USS	32.6	30.8
Contributions to SAUL	8.8	8.0
Contributions to NHS	4.4	4.3
Contributions to defined contribution pension schemes	0.1	0.1
	45.9	43.2

31. Linked charities

The College has no linked charities with income of £100,000 and above to disclose. Aggregate figures for linked charities with income below this threshold are disclosed below.

Funds where individual income for the year was under £100,000	Opening reserves £000	Income and donations received £000	Capital growth/ diminution £000	Expenditure and outgoing resources £000	Closing reserves £000
Prize Funds (2 funds)	321.0	5.3	20.5	(18.6)	328.2
Research support (2 funds)	1,926.0	33.1	135.7	(15.7)	2,079.1
Student support (1 fund)	2,671.9	68.3	189.0	(58.3)	2,870.9
Total	4,918.9	106.7	345.2	(92.6)	5,278.2

