

Imperial College
London

ANNUAL REPORT
AND ACCOUNTS

2016–17

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.

On the cover: The state-of-the-art analytical facilities at Imperial's Cross-Faculty Nuclear Magnetic Resonance Centre support multidisciplinary research in structural biology, biomolecular medicine and materials.

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.

Imperial in 2016–17

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MEng Design Engineering student, Felix Crowther, working with Dr Lorenzo Picinali. As part of his Undergraduate Research Opportunity Placement, Felix is analysing speech signals and exploring how to model the frequency response of a microphone at different distances in an anechoic environment.



IMPERIAL IN 2016–17

“
We will embed our
educational experience
in a vibrant, research-led,
entrepreneurial environment

IMPERIAL COLLEGE LONDON STRATEGY 2015–20

”

PRESIDENT'S WELCOME



**PROFESSOR
ALICE P. GAST**

PRESIDENT OF
IMPERIAL COLLEGE
LONDON

This Annual Report demonstrates Imperial College London's commitment to our mission to achieve enduring excellence in education and in research for the benefit of society. Despite increasing cost pressures and rising economic and political uncertainty we continue to invest in enhancing our student experience, diversifying our revenue sources and improving the ways we support our academics. We remain on course to deliver our 2015–20 Strategy.

As I wrote in my 2017 Autumn Letter, 'as a university, we combine forefront research discoveries, innovative breakthroughs, inspiring teaching, supporting staff and tireless volunteers to make the world a better place.' Our achievements this year demonstrate this:

- We made important and inspiring discoveries like advancing our understanding of the genetic causes of Type-2 diabetes, high blood pressure and osteoporosis, and explaining the geology of Britain's separation from continental Europe 450,000 years ago.
- We gained three new fellows of the Royal Society, eight new fellows of the Academy of Medical Sciences and two new fellows of the Royal Academy of Engineering. Election by our peers to these prestigious posts is the clearest demonstration of the strength of our academic community.
- We bid successfully for a UK Dementia Research Institute Centre, to be located at White City, showing our capacity to create innovative multidisciplinary approaches to address the greatest challenges facing society.
- We received a TEF Gold Award – the only Russell Group university in London to do so. This is a testament to our commitment to excellence in education and the ambition of our Teaching and Learning Strategy.
- We were proud to have our students receive international prizes for innovation and entrepreneurship. This is a recognition of the talent of our students and the value of an Imperial education.
- We raised over £51 million from 8,442 alumni, friends and supporters to support investment in our mission. We are tremendously grateful for their support.

As we celebrate these and many other accomplishments, we recognise that there is still much more to do. At times like this, when there is so much emphasis on what divides us, we need to ensure that we never let our elite status disconnect us from the world around us. Linking what we do to what society needs is a central part of our strategy.

Our new White City Campus provides a long-term opportunity to define a new model for an open, integrated university campus, engaging the local community and advancing academic corporate and philanthropic partnerships. We have just launched The Invention Rooms there, providing workshops and interactive spaces for members of the community to come together to work personally and directly with our staff, students, alumni and partners to test out their creative ideas, and to share in the excitement of research and innovation.

We also remain firm in our commitment to international collaboration and our international community and we will continue to advocate for policies that support these. We know that the UK must continue to be a destination for talented people from around the world. As the UK defines its new relationship with the European Union, we have been steadfast in our position that we are a European university with a global reach.

Imperial College London is a world class academic institution. We will continue to innovate and invest to ensure that our excellence endures and we remain financially sustainable.


Professor Alice P. Gast
President of Imperial College London



Local children at a Reach Out Makerspace taster session at The Invention Rooms in White City. Based on Wood Lane, The Invention Rooms is an exciting community innovation space where people of all ages and backgrounds can explore new ideas through making and design.

“
We will strengthen collaboration
with business, academia and
non-profit, healthcare and government
institutions across the globe
”

IMPERIAL COLLEGE LONDON STRATEGY 2015–20



PhD student Sam Cooper working with Dr Chris Bakal of the Institute of Cancer Research. Sam is part of an innovative programme at Imperial that aims to establish a collaborative network of research organisations through PhD training and stratified medicine.



FINANCIAL REVIEW

FIVE-YEAR SUMMARY OF KEY STATISTICS

	FRS 102			UK GAAP		
	2017 £m	2016 £m	2015 £m	2015 £m	2014 £m	2013 £m
Income and expenditure						
Tuition fees and education contracts	265	244	223	223	197	186
Funding Council grants	143	154	159	155	161	169
Research grants and contracts	361	351	436	428	351	330
Other income	152	177	136	154	138	124
Investment income	8	9	9	9	8	13
Donations and endowments	62	33	36	-	-	-
Total income	991	968	999	969	855	822
Total expenditure	909	901	856	835	794	755
Surplus before other gains and share of results of JVs and associates	82	67	143	134	61	67
Gain/(loss) on investments and disposals of non-current assets	26	17	21	14	-	-
Gain on disposal of interest in an associate	5	4	-	-	-	-
Share of results in joint ventures and associates	6	(10)	(4)	(9)	(1)	(2)
Taxation	-	-	(13)	(13)	-	-
Surplus before exceptional items	119	78	147	126	60	65
Surplus for the year	119	78	147	130	86	87
Balance sheet						
Non-current assets/endowment assets	2,078	1,840	1,707	1,714	1,422	1,242
Net current assets/(liabilities)	105	(28)	14	(25)	(53)	43
Long term creditors and provisions	(649)	(397)	(385)	(325)	(271)	(283)
Net assets	1,534	1,415	1,336	1,364	1,098	1,002
Capital expenditure						
Externally funded	50	29	74	74	28	20
Internally funded	160	157	162	162	178	86
Finance leases	-	-	-	-	-	18
Total in-year fixed asset additions	210	186	236	236	206	124
Liquidity						
Cash, cash equivalents and current asset investments	345	193	239	239	275	317
Loans	(471)	(207)	(212)	(212)	(148)	(154)
Finance leases	(90)	(91)	(92)	(92)	(93)	(93)
Net funds	(216)	(105)	(65)	(65)	34	70
Cash flow from operating activities	111	96	89	88	120	106
Student numbers (headcount)						
Full-time students – undergraduates (UG)	9,583	9,320	9,054	9,054	8,931	8,834
Full-time students – postgraduates (PG)	6,709	6,414	6,236	6,236	5,804	5,580
Part-time students (PG)	1,274	1,148	1,057	1,057	1,196	1,209
Total	17,566	16,882	16,347	16,347	15,931	15,623
Average number of full-time equivalent staff	7,600	7,626	7,516	7,516	7,240	6,731
Staff costs as a percentage of expenditure	53%	54%	55%	54%	53%	52%

Years 2015 onwards have been presented under FRS 102. All prior years are reported under old UK GAAP.

FINANCIAL REVIEW



MR MUIR SANDERSON
CHIEF FINANCIAL OFFICER

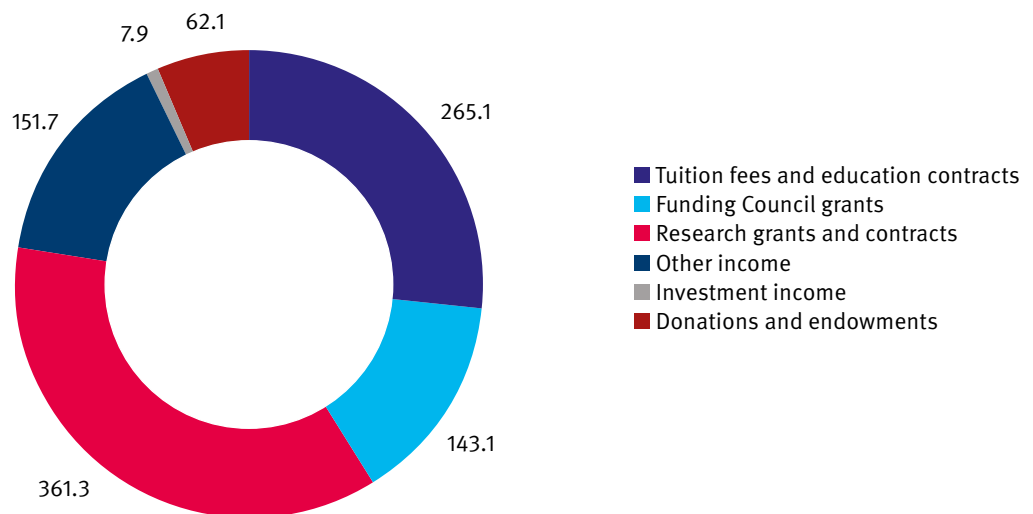
This year’s results demonstrate Imperial College London’s resilience during difficult times. Financial performance remains robust: surplus before investment gains and asset disposals was £82.2 million and cash from operations was £111.2 million, both around £15 million higher than in the prior year. When investment gains and property sales are included the surplus rises to £118.9 million, highlighting the value derived from the College’s non-core assets. It also reflects the volatility within the results, given that £19.5 million of the additional surplus related to unrealised market gains and £10.8 million came from asset disposals.

Income in 2016–17 of £991.2 million was up 2.4% on the prior year, though excluding a one-off £22.9 million overage receipt in the previous year gives a year-on-year increase of 4.8%. Total expenditure rose just 0.8% to £909.0 million but this rises to 3.6% if the change in the pension provision in the previous year is excluded. We would like to think that at least the scale of the latter was exceptional, however ongoing funding challenges with the Universities Superannuation Scheme remain significant.

The contribution to the overall income in percentage terms from each of the various sources of funding was broadly similar to the previous year, with income from tuition fees and education contracts rising slightly.

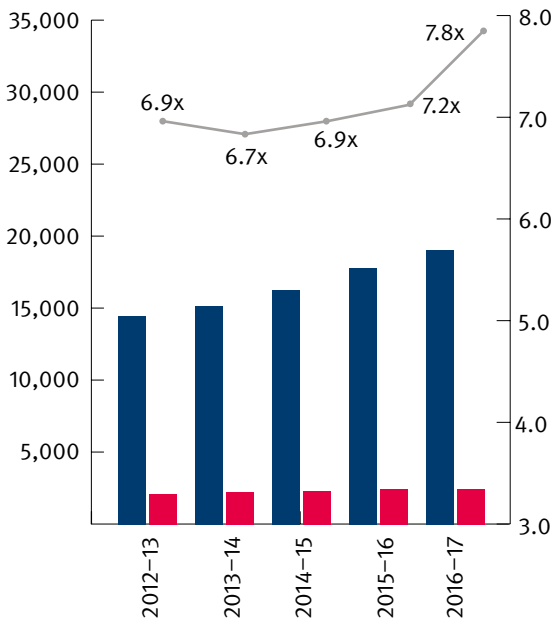
Tuition fee income continues to grow steadily. We are heavily over-subscribed with an average of over seven applicants for every available place. The number of applications for 2016–17 grew at both undergraduate and particularly postgraduate level, with a notable increase in applications from EU and overseas students, underpinned by strong home demand. There was also a further increase in the number of part-time students, following a dip a couple of years ago. The provisional application data at undergraduate level for 2017–18 does not show any particular change in these trends, with the number of applications from the EU continuing to increase despite Brexit. However, we remain cautious, monitoring demand at the individual course level and taking care to only target growth

2016–17 income by source (£ million)

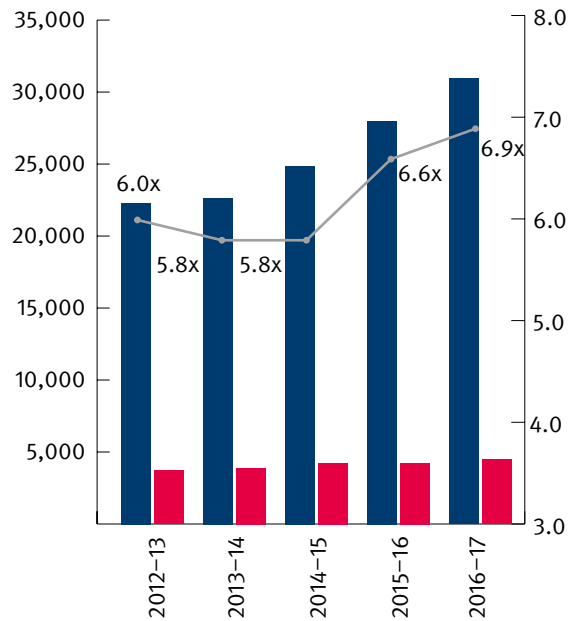


Ratio of applications to enrolled student members

Undergraduate

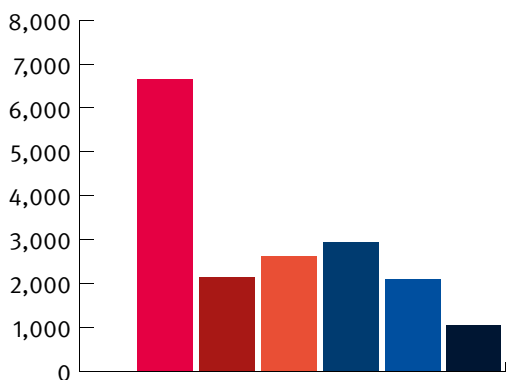


Postgraduate

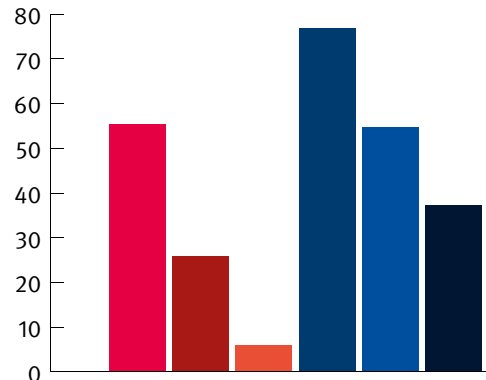


■ Total Applications ■ Enrolled ◆ Applications to enrolled

2016–17 Student FTEs and related income



Students FTEs



Student income (£ million)

Home/EU

Income £87.3m

- Undergraduate (UG)
- Postgraduate taught (PGT)
- Postgraduate research (PGR)

Overseas

Income £170.7m

- Undergraduate (UG)
- Postgraduate taught (PGT)
- Postgraduate research (PGR)

in areas where we have sufficient spare capacity to ensure the student experience is not affected. For instance, in 2016–17 our growth in enrolments was weighted towards postgraduates to avoid putting strain on our commitment to provide all first-year undergraduates with a room in halls. We remain very aware of our reliance on fee income to support our academic mission and the risks associated with possible restrictions on foreign students. The budgets we built in the summer assumed fee income from home students would rise in line with inflation, following our success in securing TEF Gold status; recent government announcements on tuition fees mean that this now looks too optimistic and our losses on teaching UK undergraduates are set to grow further. This highlights the broader political risks we face at the moment and puts further emphasis on the importance of diversification.

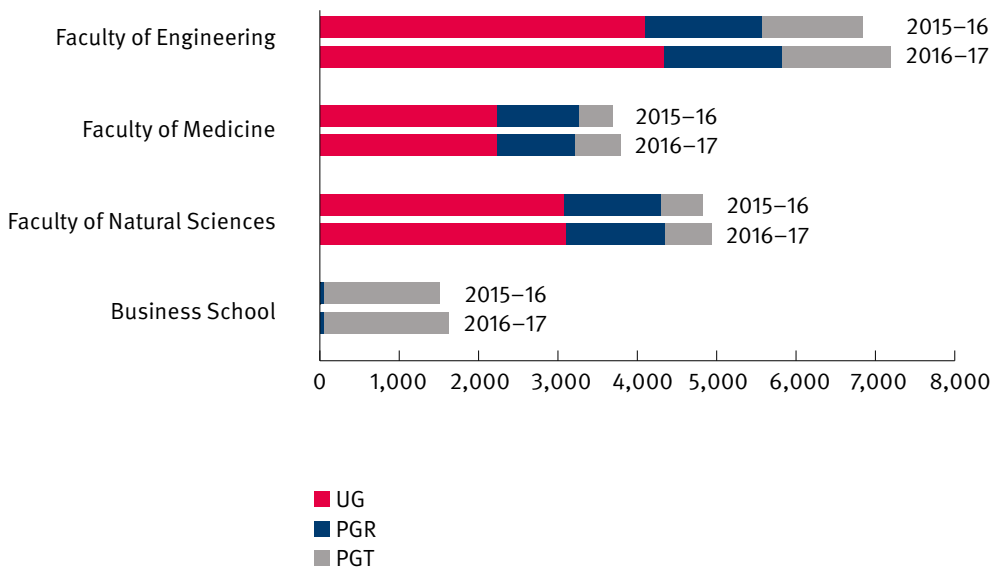
The value of work done on research grants and contracts in 2016–17 was £361.3 million, £10.7 million (3.1%) up on the prior year, although a little behind the budgeted figure as some projects took longer to get started than originally hoped. Volume from industry was up over 13% on the prior year, representing 16.9% of the total research volume. It is an indication of our aspirations that this is one of the highest percentages for any UK university but

is still some way short of our 30% target for 2020. We are mindful of the fact that 11.7% of our research volume comes from the European Commission, also one of the highest percentages in the UK. We remain active in the League of European Research Universities (LERU) and continue to work with government, both individually and via the Russell Group, to explain the importance of this jointly funded research. Our concerns here are less directly financial, given the low overheads for this research and the UK government’s commitment to replace any lost funding, but rather about the loss of this vital source of collaboration with other world class academics. We follow the negotiations with interest.

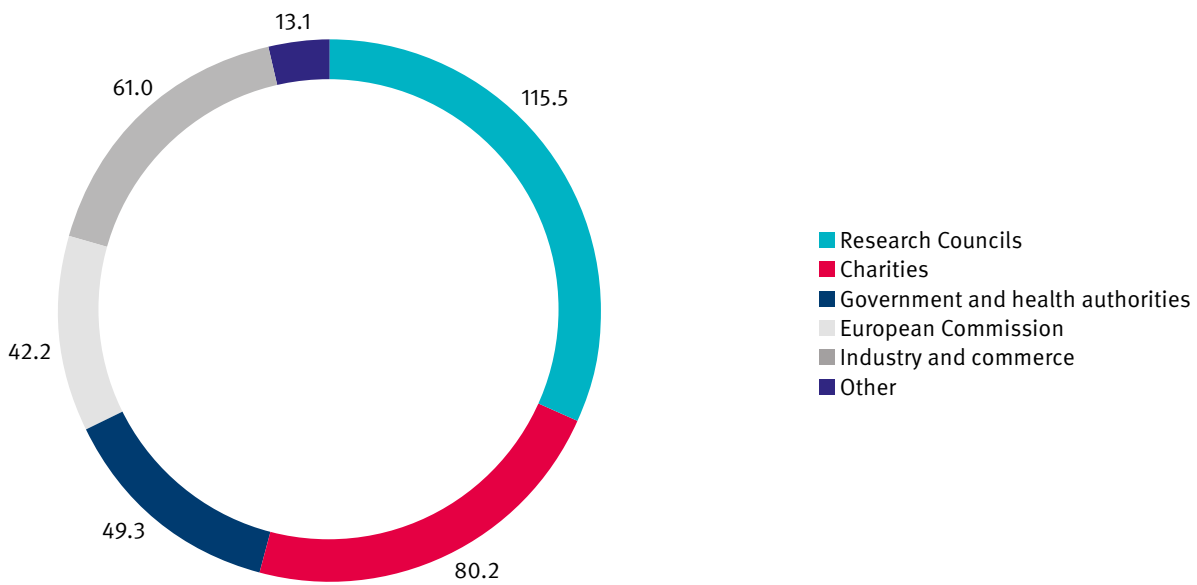
Staff numbers fell marginally in 2016–17 for the first time in five years. The fall in academic and research staff numbers mainly reflects the fact that the volume of research undertaken in Chemistry is being slightly constrained ahead of their move to new facilities in White City next year. We expect this trend to reverse in the coming years. We will continue to make investments to support revenue diversification and to improve the student experience.

A key element in diversification is fundraising where we continue to invest in staff. We are already seeing the benefits of the improved focus and professionalism. The number of donors

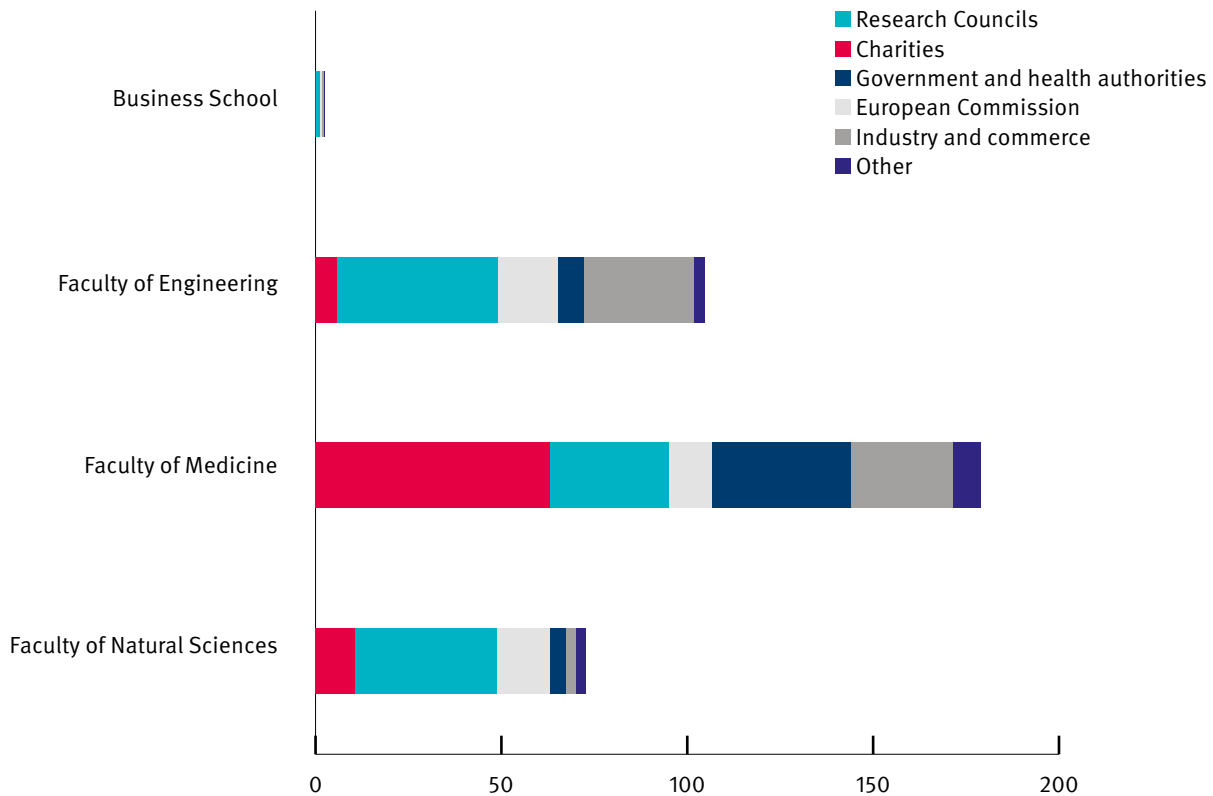
Student headcount by area, by type



2016–17 Sources of research grant income (£ million)



2016–17 Research grant income by area, by funder (£ million)



in 2016–17 was up 17% on the previous year and the amount contributed by regular giving grew 31% to £1.2 million. The total income from donations and endowments of £62.1 million (£51.5 million raised in the year, with the remainder being recognised having reached milestones) was significantly higher than in the previous year. This is very good progress but we still have a substantial gap when compared to our peers both at home and overseas, a fact recognised in our strategic risk register. We expect more volatility in the total level of donation income recorded now that income is recognised on entitlement in line with the new accounting standard.

Our Related Ventures arm supports our strategy of generating unfettered income from our land and buildings, our expertise and our brand. Our flagship Translation and Innovation Hub (I-HUB) is now open at White City offering companies small and large, new and old, space to co-locate alongside our academics. Tenants have started moving in to the incubators, offices and wet labs. Although the venture is loss making in this early stage as it builds to full capacity, we accept this as part of support of our longer-term strategy and a recognition of the time it will take to build a vibrant, entrepreneurial community at White City. We plan to expand the amount of lower-cost startup space at White City in the coming year. We will partly fund

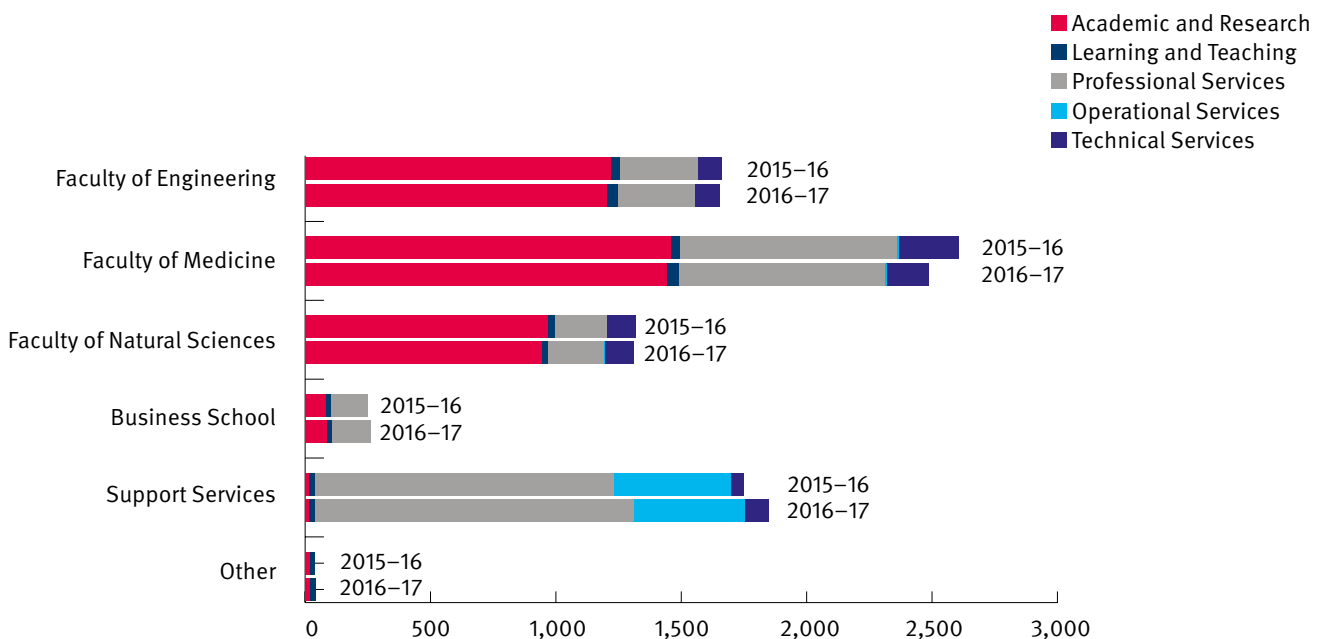
these investments through debt and joint ventures to ensure that they do not reduce our ability to keep investing in our core infrastructure at South Kensington and our medical campuses.

In terms of brand and expertise, the College increased its investment in Twig Rights Limited (a provider of educational material to schools) as they attempt to become one of the providers helping the State of California to implement its next Generation Science Standards for primary school children.

Postgraduate accommodation is also part of our Related Ventures portfolio. One of the blocks of postgraduate accommodation was sold during the year to another provider who are now marketing it to undergraduates. The College realised a profit on disposal of £9.2 million, having first acquired the property in 2012.

Investment property assets increased from £116.6 million to £179.1 million during the year, primarily as a result of the £83.5 million acquisition of 1 Portal Way in North Acton (the site is currently leased to Dixon Carphone plc). A review of the portfolio identified certain assets as being necessary to deliver the academic mission and these were reclassified from the investment property to fixed assets in March (valued at £16.0 million).

Staff FTEs by area, by type



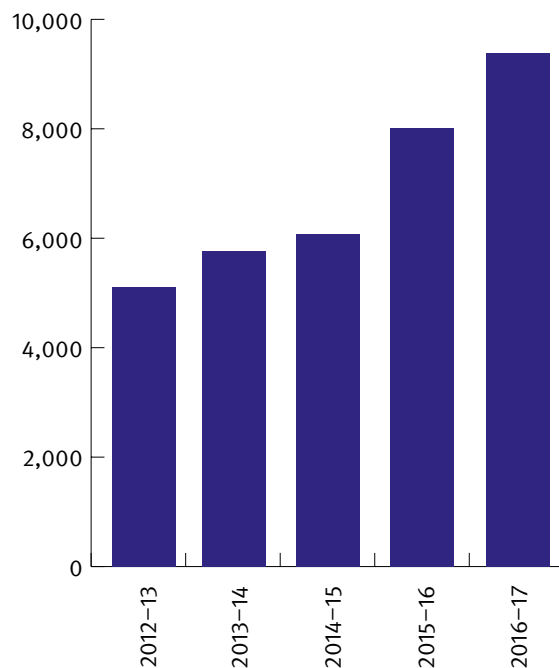
Listed non-current investments increased in value from £119.0 million to £146.3 million and endowment funds assets increased from £103.9 million to £114.7 million during the year. The majority of these assets are managed by external fund managers on behalf of the College and delivered a performance return for the year of 8.7%. The remaining increase in value is due to the investment of additional funds, net of distributions made to support the academic mission.

The College raised £200 million of additional debt through the private placement market in October 2016. This was to provide liquidity to support our capital investment programmes and to take advantage of the highly advantageous rates. The debt raised was double the amount initially sought, with the deal being four times oversubscribed. We attracted both returning and new investors from the UK and also tapped the US market for the first time, with maturities on the various tranches of the deal ranging from 33 to 40 years. The average coupon rate was 2.46%. We take this level of support as evidence of the strength of the College’s covenant.

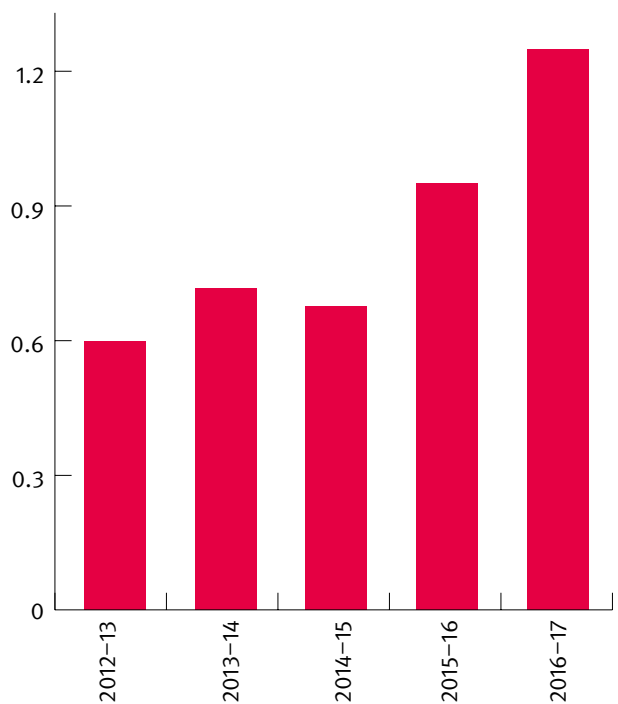
Cash balances were significantly higher at the end of the year than at the start as a result of the debt raised, which included both the new private placement and the final drawdown of £70 million from an EIB loan entered into earlier. This level of cash will reduce over the next couple of years as the major capital projects underway at the moment reach completion.

The College invested around £200 million on its estate in 2016–17, of which £50 million was funded from external grants. The largest single project was the Molecular Sciences Research Hub at White City at an estimated total cost of £154.4 million, of which £51.7 million was incurred in 2016–17. The building project remains on course for completion next year. Other major capital projects that were progressed in 2016–17 include: the residential tower at the White City Campus, which was topped out; the refurbishment of the former Post Office building at South Kensington for use by the Dyson School of Design Engineering, with students moving in this academic year; the completion of the refurbishment of the building housing Aeronautical and Mechanical Engineering; the development

Number of donors



Funds secured through regular giving programme (£ million)



of the Michael Uren Biomedical Engineering Research Hub, due to open in 2019.

The College acquired an additional plot of land in Acton during the year to allow us to expand our student accommodation there to around 1,300 bedspaces, ensuring we have the critical mass needed to develop a vibrant student hub. There will also be space there for an expansion of the Related Venture portfolio by developing more residential accommodation, some of which will be reserved for College key workers.

Managing risks

The College level risk register has 12 strategic risks. Four of these risks (associated with income diversification through Related Ventures, change management capacity, staff recruitment and retention and compliance with policies) have mitigating controls that have been developed and implemented and we do not feel that at this stage we need to do more than monitor the situation.

All remaining risks are amber-rated (which in our definition means the controls are not fully implemented or effective yet). Two of these are Brexit-related, in the areas of student recruitment and research income; appropriate controls have been identified but we know more work will need to be done to respond to the developing situation. We are making good progress with our fundraising, however the size of the improvement we are looking for given the gap with our global peers keeps this risk amber. We see failure to develop our education offer at an appropriate pace as a risk, which is why investment in our education strategy was made a priority in this year's planning round. There is risk around our technology transfer mechanisms, given that our current Technology Pipeline agreement with Touchstone Innovations plc ends in 2020 and they are in the process of being taken over – this is being addressed by a working group chaired by the Provost. It is difficult to envisage a time when lack of space or insufficient investment in our estate is a risk that we will be able to say is fully mitigated; we are currently preparing to move to more centralised timetabling for teaching to make better use of our current space and master planning is underway to understand better our longer-term requirements. We also see risk around the redesign of College administrative processes not delivering the scale of efficiency and effectiveness improvement needed given the amount of change management involved.

Looking Ahead

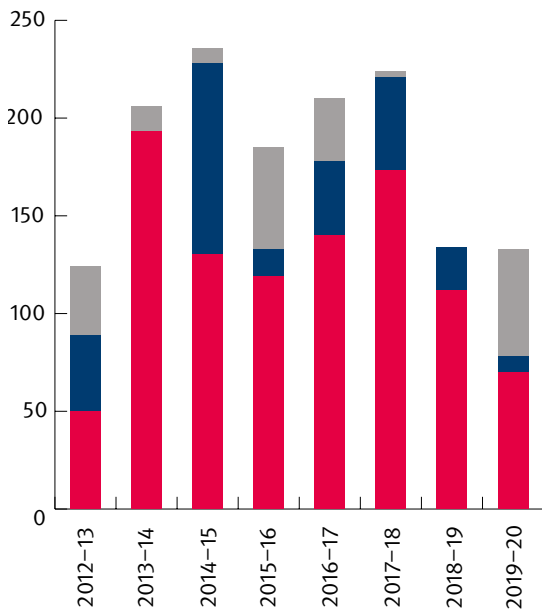
Our significant new investment in education will support innovative, evidence-based teaching and learning methods across the College, drawing on the great work that is already taking place. This additional spending is more of a new normal than a one-off project and we are looking to find savings elsewhere to support this work.

The business plans submitted by departments this year show they appreciate the need to control cost and recognise the need to change how we provide support services. Our intention is to keep growth in support staff numbers to a minimum by redesigning our operating model.

This work now encompasses both the faculties and central administration areas as we look to reduce duplication and implement best practice in order to provide a seamless, personalised service. This is one of the most complex change programmes the College has embarked upon and we expect this to be a major area of focus in the coming years.

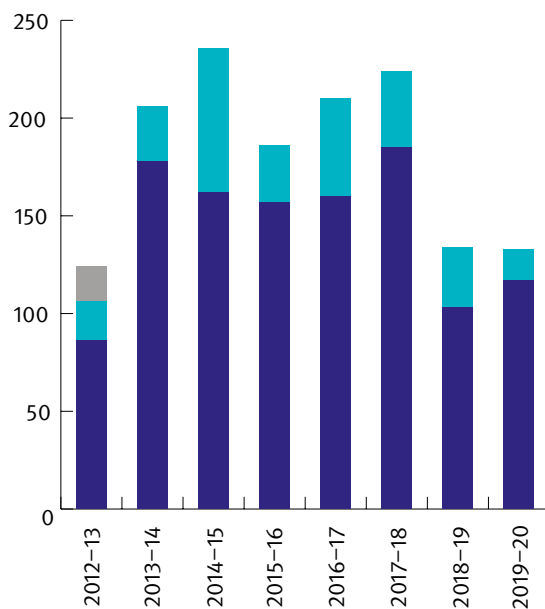
We will continue to invest in our estate with the aim of maintaining our position alongside our global peers, whilst ensuring that we grow at a financially sustainable pace. At our White City Campus, the new Molecular Sciences Research Hub and Residential Tower both approach completion and the work on the Michael Uren Biomedical Engineering Research Hub continues apace, reflecting our commitment

Capital expenditure by category (£ million)



■ Academic
 ■ Related Ventures
 ■ UG Accommodation

Capital expenditure by funding type (£ million)



■ College Funded
 ■ Externally Funded
 ■ Finance Lease

to multidisciplinary research and revenue diversification. Next year will be the final year of a five-year capital programme that has seen the College spending around £200 million per annum. We estimate that our capital expenditure in the following two years will be at around 60% of the 2017–18 level and by 2020 the northern part of our White City campus will be almost fully developed. We will then take stock post-Brexit and determine the pace of the next stage of our investment.

We enter the new financial year confident in our financial and academic strength but also cognisant of the risks and uncertainties ahead.

Mr Muir Sanderson
Chief Financial Officer

IMPERIAL AT A GLANCE



£111m

Cash from operations, up 16% from 2015–16



£136m

Value of the College's endowed assets



31%

Increase in amount raised through regular giving compared to 2015–16



£361m

Total income from research grants and contracts



17,566

Total number of students



TEF Gold

Imperial judged as delivering consistently outstanding teaching, learning and outcomes for students in the 2017 Teaching Excellence Framework.

A visitor at the 2017 Imperial Festival experiences virtual reality.

“
We will share the
wonder of what we do

IMPERIAL COLLEGE LONDON STRATEGY 2015–20

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**PUBLIC
BENEFIT AND
CORPORATE
GOVERNANCE**

PUBLIC BENEFIT STATEMENT

Imperial College London 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

The 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, and in exercising their powers or duties, 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 the 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.

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 following section shows how the College carried out its activities for the public benefit during the year in furtherance of its charitable 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.

In June 2017, the College launched a new learning and teaching strategy intended to make sure that Imperial's teaching is just as innovative as its research. The strategy lays out the principles of an Imperial education – namely a worldleading, rigorous, evidence-based, inclusive educational experience embedded in a vibrant research environment. Building on Imperial's existing strengths the strategy focuses on four main areas: a review of our curricula and assessment;

an evidence-based transformation of our pedagogy, to make teaching more interactive; the fostering of an inclusive and diverse culture; and the development of online and digital tools to enhance curricula, pedagogy and community.

The excellence of the College's teaching was recognised through the receipt of a Gold Award – the highest available – in the new Teaching Excellence Framework (TEF) in 2017. In its statement of findings, the TEF panel pointed to Imperial's exceptionally stimulating and stretching academic, vocational and professional education, as well as its embedded culture of student engagement and philosophy of students as partners.

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 is open to all students of any nationality who demonstrate the highest academic excellence and potential. The prestigious Imperial College London PhD Scholarship Scheme provides for 50 academically outstanding research students to receive financial support for up to 3.5 years to enable them to work within their chosen research field with the support of an excellent supervisor.

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. The Imperial Bursary scheme provides support on a sliding scale for Home undergraduate students with annual household incomes of up to £60,000. This is much higher than the UK Government threshold for financial support and the level at which most other UK universities cap their support. The Imperial Bursary scheme 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 London 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, and to raising attainment amongst those from disadvantaged groups from primary school to A-level. In support of this commitment, the College offers a range of activities and programmes including long-term cohort programmes for high achieving students from under-represented backgrounds; 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 addition, the College provides dedicated support for teachers including partnering with Twig World Ltd to develop Reach Out CPD, a free online science continuing professional development resource for UK primary school teachers.

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% 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 well-being, 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’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 2016–17, 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 *Higher Education Code of Governance*, which was published in 2014.

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 4 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, 8 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.

The Court brings together alumni and neighbourhood organisations as key stakeholders, to help the College further the implementation of its Strategy. Alumni members are drawn widely from

amongst those who are actively engaged with the College and College activities. Local organisation members come from those organisations with a close link to College life. Its membership also includes representatives from the Council and from the College's senior management. The Court has 34 Members in total. In addition to its active engagement in the evolving implementation of the College Strategy, 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.

In 2015, a review of the Court's remit and composition suggested that it could best support the implementation of the College strategy if its membership was more closely aligned with elements of the strategy, and it was decided to reconfigure the Court to focus on two stakeholder groups – alumni and local organisations. The reconfigured Court came into effect in 2016.

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 Memorandum of Assurance and Accountability between HEFCE and the College, 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 Memorandum of Assurance and Accountability with HEFCE.

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 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. He also has responsibility for delegated budgets and their financial control. He is supported and advised by the Provost's Board. It 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 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 2017 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.

Following discussion of the recommendations from an effectiveness review conducted in 2016, the Council agreed to revise its committee structure in 2017. The principal revisions were the merger of the Audit and Risk Committees and the creation of a new Finance Committee. With effect from July 2017, it now has the following six committees; the Audit and Risk Committee, the Endowment Board, the Finance Committee, the Imperial White City Syndicate, the Nominations Committee and the Remuneration 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. With the exception of the Endowment Board (which is chaired by an external member with considerable investment expertise), all are chaired by external members of the Council. The decisions of these committees are reported formally to the Council.

The Audit and Risk Committee meets at least

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 HEFCE as they affect the College's business and monitors adherence to regulatory requirements. It reviews the College's Risk Register twice a year, and will also devote time to the in-depth consideration of the College's long term strategic risks. 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.

The Endowment Board manages those College assets that are not essential to the core academic mission of the College and are 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 Finance Committee is responsible for providing the Council with a strategic overview of the College's finances, with a focus on the longer-term financial plan and the actions taken to achieve it. It will also monitor financial risks related to liquidity, debt, resource allocation and financial contingencies, and review various financial measures at each meeting. The Finance Committee is also responsible for approving capital projects with a value of between £10 million and £30 million. Its membership includes one member with cross membership of the Audit and Risk Committee.

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.

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

The Remuneration Committee meets at least twice a year. It determines the remuneration of the President and staff members of the Council

A member of the Imperial College Gliding Club meets new students at the 2016 Freshers' Fair.



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We will enrich the
student experience

IMPERIAL COLLEGE LONDON STRATEGY 2015–20

and where necessary, agrees any severance payments for these staff. None of the external members of Council receive any payment, apart from the reimbursement of expenses, for the work they do for the College. The President and Provost are in attendance at meetings, except when either their own remuneration is being considered or in the case of the Provost when the President's salary is reviewed. To inform its decisions, the Committee receives comparative information on salaries, other emoluments and conditions of service in the university sector. The Committee receives information on the College reward strategy and

policy, and receives a report annually on the decisions made by College management on the salaries and other emoluments of professional and other senior staff as may from time to time be agreed.

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 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 Higher Education Code of Governance published by the Committee of University Chairmen, and accordingly has approved the following Statement of Primary Responsibilities:

1. To approve the mission and strategic vision of the College, its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of the College's stakeholders.
2. To safeguard the good name and values of the College.
3. To appoint the President as the College's Chief Executive, and to put in place suitable arrangements for monitoring their performance.
4. To appoint other executive members of the Council as specified in the Statutes.
5. To delegate authority to the President, as Chief Executive, as advised by the President's Board, for the academic, corporate, financial, estate and human resource management of the College; and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the President.
6. To assess risk to the College and to position its management and mitigation.
7. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment and procedures for handling internal grievances and for managing conflicts of interest.
8. 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 and that, where possible and appropriate, these are benchmarked against other comparable institutions.
9. 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.
10. To be the principal financial and business authority of the College, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the university's assets, property and estate.
11. To be the College's legal authority and, as such, to ensure that systems are in place for meeting all the College's legal obligations, including those arising from contracts and other legal commitments made in the College's name.
12. 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.
13. To ensure that the College's Charter and Statutes are adhered to at all times, with appropriate advice available to enable this to happen.
14. To be the employing authority for all staff in the institution and to be responsible for establishing the College's human resources strategy.
15. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
16. To appoint a Clerk to the Council and ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

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 for Further and Higher Education and other relevant accounting standards. In addition, and in accordance with the formal Memorandum of Assurance and Accountability between HEFCE and the College, 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.



Members of Imperial College London's 2016–17 Council who attended the September 2017 meeting.

Back row: Professor Jeremy Sanders; Professor Jonathan Weber; Professor Susan Eisenbach; Mr Muir Sanderson; Mr Toby Courtauld; Mr John Neilson; Professor Jeff Magee; Ms Rachel Lomax; Ms Alison Nimmo; Dr Mahnaz Safa.

Front row: Ms Alex Chippy Compton; Mr John Cullen; Professor James Stirling; Professor Alice Gast; Sir Philip Dilley; Professor Tom Welton; Mr Chris Brinsmead; Professor Francisco Veloso; Mr Christopher Williams.

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 HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability 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 regular financial reports to the President and senior College staff, to the President's Board and to the Council;
- 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 and Risk Committee.

The Audit and Risk 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

The members of the Council are the charity trustees of the College and are listed for the period from 1 August 2016 to 24 November 2017, the date that the Annual Report and Accounts have been approved.

The Council

Chairman:

Sir Philip Dilley

Co-opted External Members:

Mr CD Brinsmead

Mr IC Conn

Mr T Courtauld

Mr J Cullen

Ms JR Lomax

(to 30 September 2017)

Sir Jonathan Michael

(from 1 November 2017)

Ms SE Murray

Mr JHM Newsum

(to 31 December 2016)

Ms A Nimmo

Dr M Safa *(from 1 January 2017)*

Professor JKM Sanders

(from 1 October 2016)

Mr CG Williams

Ex-Officio:

President: Professor AP Gast

Provost: Professor WJ Stirling

Chief Financial Officer: Mr M

Sanderson

Senior Staff Representatives:

Professor NP Brandon

(from 1 October 2017)

Professor JN Magee

(to 30 September 2017)

Professor NW Phillips

(to 31 July 2017)

Professor GR Sreaton

(to 30 September 2017)

Professor FM Veloso

(from 1 August 2017)

Professor JN Weber

(from 1 October 2017)

Professor T Welton

Elected Staff Member:

Professor S Eisenbach

(from 1 September 2017)

Professor NM Alford

(to 30 August 2017)

President, Imperial

College Union:

Mr N Andriopoulos

(to 31 July 2017)

Ms A Compton

(from 1 August 2017)

Clerk to the Court and Council:

Mr JS Neilson

Audit Committee

(to 31 July 2017)

Chairman:

Mr J Cullen

Membership:

Ms JR Lomax

Mr CG Williams

Ms K Kantor *(co-opted)*

Secretary:

Mr JB Hancock

Audit and Risk Committee

(from 1 August 2017)

Chairman:

Mr J Cullen

Membership:

Professor JKM Sanders

Mr CG Williams

Secretary:

Mr JB Hancock

Endowment Board

Chairman:

Mr ND Moakes

Membership:

Professor DKH Begg

Professor AP Gast

Mr JHM Newsum

(to 31 December 2016)

The Hon. R Rayne

Ms A Rudebeck

Mr M Sanderson

Mr C Williams

Secretary:

Ms J Soulieux

Finance Committee

(from 1 June 2017)

Chairman:

Mr CD Brinsmead

Membership:

Professor AP Gast

Ms A Rudebeck

Dr M Safa

Mr M Sanderson

Mr C Williams

Secretary:

Mr T Galer

Imperial White City

Syndicate

Chairman:

Mr JHM Newsum

(to 31 December 2016)

Ms A Nimmo

(from 1 January 2017)

Membership:

Professor NM Alford

Sir John Armit

Mr T Courtauld

Dr R Easton

(to 1 September 2017)

Professor AP Gast

Mr WSH Laidlaw *(to 31 May 2017)*

Ms JR Lomax

(to 30 September 2017)

Ms A Nimmo

(to 31 December 2016)

Mr M Sanderson

Professor WJ Stirling

Secretary:

Mr JB Hancock

Nominations Committee

Chair:

Sir Philip Dilley

Membership:

Mr J Cullen *(from 1 January 2017)*

Professor AP Gast

Mr JHM Newsum

(to 31 December 2016)

Dr M Safa *(from 13 May 2017)*

Mr M Sanderson

Professor WJ Stirling

Secretary:

Mr JS Neilson

Remuneration Committee

Chairman:

Sir Philip Dilley

Membership:

Mr CD Brinsmead

Mr J Cullen *(from 1 January 2017)*

Ms JR Lomax

(to 30 September 2017)

Mr JHM Newsum

(to 31 December 2016)

Dr M Safa

(from 1 October 2017)

Secretary:

Mrs LE Lindsay

Risk Committee

(to 31 July 2017)

Chair:

Ms JR Lomax

Membership:

Mr N Andriopoulos

Mr CD Brinsmead

Mr J Cullen

Professor AP Gast

Mr JHM Newsum

(to 31 December 2016)

Mr M Sanderson

Professor WJ Stirling

Secretary:

Ms J Soulieux

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We will build a supportive,
inclusive and highly
motivated staff community

IMPERIAL COLLEGE LONDON STRATEGY 2015–20

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Assistant Chef de Partie, Ricardo Campos Sousa Pontes, is part of the College's dedicated catering team.



Assistant Provost (Learning and Teaching) Professor Alan Spivey and Professor of Education, Professor Martyn Kingsbury, will help drive the College's Learning and Teaching Strategy, launched earlier this year.



FINANCIAL STATEMENTS 2016–17

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We will act courageously and innovatively
when pursuing new opportunities

IMPERIAL COLLEGE LONDON STRATEGY 2015–20

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Independent auditors' report

Year ended 31 July 2017

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the College's affairs as at 31 July 2017, and of the group's and of the College's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and the 2016–17 HEFCE Accounts Direction.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise the consolidated and college statement of financial position as at 31 July 2017; the consolidated and college statement of comprehensive income and expenditure for the year then ended; the consolidated and college statement of changes in reserves for the year then ended; the consolidated statement of cash flows for the year then ended; the statement of principal accounting policies; and the notes to the financial statements, which include other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and college's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Responsibilities of the Council set out on pages 26 and 27, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Council as a body in accordance section 11 of the Statutes of the college 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.

Other required reporting

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 college for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; 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 college and group. We have no exceptions to report from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory

Auditors

London

Date: 24 November 2017

Statement of comprehensive income and expenditure

Year ended 31 July 2017

	Notes	Consolidated		College	
		Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Income					
Tuition fees and education contracts	1	265.1	244.3	265.1	244.3
Funding Council grants	2	143.1	154.1	143.1	154.1
Research grants and contracts	3	361.3	350.6	361.0	348.2
Other income	4	151.7	177.0	143.8	157.8
Investment income	5	7.9	9.1	8.1	9.1
Donations and endowments	6	62.1	33.3	62.1	33.3
Total income		991.2	968.4	983.2	946.8
Expenditure					
Staff costs	7, 9	481.2	486.8	473.4	479.9
Other operating expenses	9	343.8	331.0	337.7	316.2
Depreciation	9, 10	65.3	68.8	64.1	67.6
Interest and other finance costs	8, 9	18.7	14.8	18.7	14.8
Total expenditure		909.0	901.4	893.9	878.5
Surplus before other gains/(losses) and share of operating results of joint ventures and associates		82.2	67.0	89.3	68.3
Gain/(loss) on disposal of non-current assets		10.8	0.9	10.8	0.9
Gain/(loss) on investments	11	15.0	15.9	15.0	15.3
Gain on disposal of interest in an associate	13	4.5	4.4	12.1	-
Share of operating surplus/(deficit) in associates		6.4	(9.8)	-	-
Surplus before tax		118.9	78.4	127.2	84.5
Taxation		0.1	-	-	-
Surplus for the year		119.0	78.4	127.2	84.5
Total net comprehensive income for the year		119.0	78.4	127.2	84.5
Represented by:					
Endowment comprehensive income for the year		15.5	12.6	15.5	12.6
Restricted comprehensive income for the year		8.4	17.4	10.4	17.8
Unrestricted comprehensive income for the year		95.1	48.4	101.3	54.1
		119.0	78.4	127.2	84.5

All items of income and expenditure relate to continuing activities. There are no additional items recognised in other comprehensive income.

Statement of financial position

Year ended 31 July 2017

	Notes	Consolidated		College	
		Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Non-current assets					
Fixed assets	10	1,511.7	1,372.5	1,477.7	1,344.1
Investments	11	484.8	384.4	516.4	410.0
Investments in associates	13	81.6	83.1	9.0	9.5
		2,078.1	1,840.0	2,003.1	1,763.6
Current assets					
Stock		0.5	0.5	0.2	0.2
Trade and other receivables	15	246.6	258.4	256.3	261.8
Investments	16	58.1	12.8	58.1	12.8
Cash and cash equivalents		286.8	180.0	269.9	171.7
		592.0	451.7	584.5	446.5
Creditors: amounts falling due within one year	17	(487.1)	(480.1)	(475.8)	(477.8)
Net current assets/(liabilities)		104.9	(28.4)	108.7	(31.3)
Total assets less current liabilities		2,183.0	1,811.6	2,111.8	1,732.3
Creditors: amounts falling due after more than one year	18	(566.8)	(303.5)	(566.8)	(303.5)
Provisions					
Pension provisions	19	(74.0)	(81.5)	(73.8)	(81.4)
Other provisions	19	(8.4)	(11.8)	(8.4)	(11.8)
Total net assets		1,533.8	1,414.8	1,462.8	1,335.6
Restricted Reserves					
Endowment income and expenditure reserve	20	141.7	126.2	141.7	126.2
Restricted income and expenditure reserve	21	60.4	52.0	58.5	48.1
Unrestricted Reserves					
Unrestricted income and expenditure reserve		1,331.7	1,236.6	1,262.6	1,161.3
Total Reserves		1,533.8	1,414.8	1,462.8	1,335.6

The financial statements were approved by the Council on 24 November 2017 and were signed on its behalf on that date by:

Sir Philip Dilley, Chair of Council

Professor Alice Gast, President

Mr Muir Sanderson, Chief Financial Officer

Statement of changes in reserves

Year ended 31 July 2017

	Income and expenditure account			Total
	Endowment £m	Restricted £m	Unrestricted £m	£m
Consolidated				
Balance at 1 August 2015	113.6	34.6	1,188.2	1,336.4
Surplus/(deficit) from the income and expenditure statement	12.6	38.3	27.5	78.4
Release of restricted funds spent in year	-	(20.9)	20.9	-
Total comprehensive income for the year ended 31 July 2016	12.6	17.4	48.4	78.4
Balance at 31 July 2016	126.2	52.0	1,236.6	1,414.8
Surplus/(deficit) from the income and expenditure statement	15.5	47.7	55.8	119.0
Release of restricted funds spent in year	-	(39.3)	39.3	-
Total comprehensive income for the year 31 July 2017	15.5	8.4	95.1	119.0
Balance at 31 July 2017	141.7	60.4	1,331.7	1,533.8
College				
Balance at 1 August 2015	113.6	30.3	1,107.2	1,251.1
Surplus/(deficit) from the income and expenditure statement	12.6	38.7	33.2	84.5
Release of restricted funds spent in year	-	(20.9)	20.9	-
Total comprehensive income for the year ended 31 July 2016	12.6	17.8	54.1	84.5
Balance at 31 July 2016	126.2	48.1	1,161.3	1,335.6
Surplus/(deficit) from the income and expenditure statement	15.5	49.7	62.0	127.2
Release of restricted funds spent in year	-	(39.3)	39.3	-
Total comprehensive income for the year 31 July 2017	15.5	10.4	101.3	127.2
Balance at 31 July 2017	141.7	58.5	1,262.6	1,462.8

Consolidated statement of cash flows

Year ended 31 July 2017

	Note	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Cash flow from operating activities			
Surplus for the year		119.0	78.4
Adjustment for non-cash items			
Depreciation	10	65.3	68.8
(Gain)/loss on investments	11	(15.0)	(15.9)
(Gain) on disposal/deemed disposal of interest in an associate		(4.5)	(4.4)
Decrease/(increase) in debtors		17.8	(17.5)
Increase/(decrease) in creditors		(4.3)	6.4
Increase/(decrease) in pension provisions		(8.9)	20.4
Increase/(decrease) in other provisions		(3.6)	(2.4)
Share of operating (surplus)/deficit in associate		(6.4)	9.8
Unrealised foreign currency (gains)/losses		(0.4)	(1.5)
Other non-cash items		0.6	0.1
Taxation		(0.1)	-
Adjustment for investing or financing activities			
Investment income	5	(7.9)	(9.1)
Interest payable	8	18.7	14.8
Endowment income		(12.1)	(7.5)
Loss/(profit) on the sale of non-current assets		(10.8)	(0.9)
Capital grant income		(36.2)	(43.3)
		111.2	96.2
Cash flow from investing activities			
Capital grants receipts		36.2	43.4
Proceeds from sales of investment property		6.0	17.1
Disposal of other non-current assets		54.8	11.4
Investment income		3.7	6.0
Payments made to acquire fixed assets		(199.1)	(179.3)
Payments to acquire associates		-	(3.5)
New non-current investments		(114.3)	(26.2)
Movement in current asset investments		(45.0)	16.5
		(257.7)	(114.6)
Cash flow from financing activities			
Interest paid		(10.7)	(7.9)
Interest element of finance lease payments		(5.7)	(5.6)
New endowments		6.6	7.5
New unsecured loans		270.0	-
Repayments of amounts borrowed		(5.8)	(5.8)
Capital element of finance lease payments		(0.7)	(0.7)
		253.7	(12.5)
Increase/(decrease) in cash and cash equivalents in the year		107.2	(30.9)
Cash and cash equivalents at beginning of the year		180.0	209.4
(Decrease)/increase in cash and cash equivalents in the year		107.2	(30.9)
Exchange gains/(losses) on cash and cash equivalents		(0.4)	1.5
Cash and cash equivalents at end of the year		286.8	180.0

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 listed non-current asset investments, and in accordance with both the Statement of Recommended Practice (SORP 2015): Accounting for Further and Higher Education 2015 and with Financial Reporting Standards (FRS) 102. The College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The accounting policies have been applied consistently year on year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in accounting policy 17.

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 Statement of Comprehensive Income and Expenditure (SOCI&E) includes the College's share of the income, expenditure and tax of associated undertakings and joint ventures, while the consolidated Statement of Financial Position includes investment in associated undertakings and joint ventures using the equity method. 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. Intra-group transactions are eliminated on consolidation.

For those subsidiary, joint venture and associated undertakings that have different accounting year-end dates, management accounts to 31 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, accounts are restated to comply with FRS 102 for the purposes of consolidation into these consolidated Group accounts.

3. Going concern

The College meets its day-to-day working capital requirements through managing liquidity and through its bank facilities. The College's forecasts and projections, taking account of reasonably possible changes in performance, show that the College should be able to operate within the level of its current facilities. The trustees have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing its financial statements.

4. Recognition of income and expenditure

Income from commercial transactions rendered is included when the goods or services are supplied or the terms of related contracts have been satisfied.

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.

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

Capital grants are recognised in income when the College is entitled to the funds and any performance related conditions have been met.

Donations and endowments with donor imposed restrictions are recognised in income on entitlement and retained within

the restricted reserve until the funds are utilised in line with such restrictions. At this point the income is released to general reserves. Donations with no restrictions are recognised in income on entitlement.

All investment income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Investment income from endowments not expended in accordance with the restrictions of the endowment is held within the temporarily or permanently restricted reserve as appropriate.

Expenditure incurred relates to the receipt of goods and services which are recognised when incurred. 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 and has no beneficial interest in the funds, the receipt and subsequent disbursement of the funds have been excluded from the SOCI&E.

5. Pension schemes

The College participates in four principal pension schemes which are funded defined benefit schemes. The schemes were contracted-out of the State Second Pension (S2P) up to 31 March 2016. The Superannuation Arrangements of the University of London (SAUL), Universities Superannuation Scheme (USS) and Federated Pension Scheme 1634 (FPS) 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 102, the contributions are charged directly to the SOCI&E as if the schemes were defined contribution schemes.

The College has entered into agreements with regards to USS and SAUL that determine how the College will fund the deficits of these schemes. Therefore, in accordance with FRS 102, the College has

recognised liabilities for the contributions payable that have arisen from these agreements, with the resulting expenses recognised in the SOCI&E.

The FPS pension scheme's assets are included at fair 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 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. A net interest cost is derived by multiplying the net defined benefit obligation/(surplus) by the discount rate, both determined at the start of the period and taking account of any changes in the net defined benefit obligation/(surplus) during the period. Actuarial gains and losses, including differences between the expected and actual return on the scheme's assets, are recognised in other comprehensive income subject to the recoverability restriction above.

6. Employment benefits

Short term employment benefits are recognised as an expense in the year in which the employees render service to the College. Any unused entitlement relating to accumulating compensated absences are recognised as a liability by the College at the undiscounted additional amount the College would expect to pay as a result. Termination benefits are recognised as an expense in the SOCI&E when incurred.

7. 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. The resulting exchange differences are recognised as part of income and expenditure.

8. 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 at inception of the lease at the lower of fair value and the present value of the minimum lease payments. Any excesses 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. Assets leased from the College under finance leases are recorded on the balance sheet as a receivable at an amount equal to the net investment in the lease, which is the gross investment in the lease discounted at the interest rate implicit in the lease. Finance income received in relation to these assets is recognised at a constant rate of return.

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

9. 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 recognised in income on entitlement.

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.

An assessment for impairment indicators is carried out at each reporting date. If there are indicators, an impairment test is undertaken.

10. 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 ranging from 5 to 25 years or at 20% per annum, apart from equipment acquired for specific research projects which is depreciated over the remaining life of the project (generally three years, up to a maximum of five 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 recognised in income on entitlement.

11. Reserves

Reserves are classified as restricted (where the related funds are retained until such time that expenditure is incurred in line with the restriction) or unrestricted (no such restriction on use).

Endowment funds are a form of charitable trust retained for the benefit of the College. Where the donor prohibits the conversion of the capital into income, these funds are held in a permanent restricted reserve. Otherwise these are held temporarily in restricted reserves. Similarly, other donations with specified restrictions will be held within the restricted reserves.

Statement of principal accounting policies *(continued)*

12. Investment properties

Investment property is held for long-term rental yields or capital appreciation, or both. Investment property is stated at its fair value at each balance sheet date. Changes in fair values are recorded in income and expenditure. College undertakes a rolling schedule of external valuations at least once every five years. Between external valuations, the properties are revalued quarterly linked to an appropriate index. Where an appropriate index is not available, the properties are subject to an annual Directors' Valuation.

13. Financial Instruments

Endowment funds assets are held at market value. Listed non-current asset investments are included in the balance sheet at fair value, with changes in fair value recognised in income and expenditure. Non-current asset investments in shares that are not listed on a recognised stock exchange are carried at cost less any provision for impairment in their value. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the College's individual accounts. Other non-current investments are held at amortised cost. Current asset investments are included at cost less impairment. Impairment of investments held at cost or amortised cost is assessed at the end of each year, and any diminution in value is taken to income and expenditure immediately. Investments in associated companies where the input from the College is represented only by the intellectual property rights are valued at zero historical cost.

Loans are liabilities with fixed or determinable payments and are held at amortised cost. Amortised cost is calculated as the net of the loans initial value, minus repayments and plus cumulative amortisation at the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the loan life to its carrying amount.

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in income and expenditure.

14. 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 estimated selling price less costs to complete and sell.

15. Cash and cash equivalents

Cash flows comprise increases and decreases in cash and cash equivalents. 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. Cash equivalents are highly liquid investments due within three months, that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

16. 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.

17. Accounting estimates and judgements

Critical accounting judgements

In February 2016, Touchstone Innovations plc (formerly Imperial Innovations Group plc, to January 2017), ('Innovations'), carried out a fundraise which the College did not participate in. As a result, the College's percentage holding was diluted from 20.1% to 17.1%. This was further diluted to 15.35% in September 2016 following the sale of shares by the College. Although this dilution took the shareholding below the 20% threshold indicative of losing significant influence, the College judged that the retention of the right to appoint a representative to the Innovations Board enabled the College to continue participating in Innovations' decision making and therefore continue to exert significant influence. The College continues to classify its holding in Innovations as an associate (Note 13).

Key sources of estimation uncertainty

Pension Schemes – Assumptions used in the calculation of the USS and SAUL pension deficit provisions represent a source of material uncertainty. Future membership changes have been incorporated into the calculation using budget and forecast data for the next ten years. Future salary changes have been based on publicly available CPI inflation data. These carrying values of the USS and SAUL deficit provisions as at 31 July 2017 are £72.4 million and £1.6 million respectively (31 July 2016: £77.7 million and £3.8 million respectively).

Employee leave accrual – The College has recognised a liability for holiday pay due to the requirements of FRS 102 necessitating that short term employee benefits be charged to the SOCI&E as the employee service is received. A subset representative of the employee base of the College has been sampled to ascertain typical holiday usage, the results of which has then been applied to the population of College staff as a whole. Due to the coverage of this sample there remains an element of uncertainty in applying this extrapolation.

The College holds its investment property portfolio at market value. As with any valuation in an illiquid market, judgement is required and this represents a key source of estimation uncertainty on the Statement of Financial Position.

Notes to the accounts

For the year ended 31 July 2017

1. Tuition fees and education contracts

	Registered student numbers		Consolidated		College	
	31 December 2016	31 December 2015	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Full-time home and EU students						
Undergraduate	6,650	6,549	55.3	51.9	55.3	51.9
Postgraduate	3,775	3,557	23.7	22.1	23.7	22.1
Full-time international students						
Undergraduate	2,933	2,771	76.7	71.2	76.7	71.2
Postgraduate	2,934	2,857	68.2	63.6	68.2	63.6
Part-time home and EU students	1,003	947	4.8	3.7	4.8	3.7
Part-time international students	271	201	4.3	1.9	4.3	1.9
Research Training Support Grants			25.0	22.7	25.0	22.7
Short course fees			7.1	7.2	7.1	7.2
			265.1	244.3	265.1	244.3

Fee income is shown net of discounts and fees remitted.

Research training support grants include £3.9 million (£4.1 million in 2016) of tuition fees paid in respect of full-time home and European Union students. The remainder represents grants made by Research Councils and other bodies in support of the training of research students.

Total numbers of full-time and part-time students are 17,566 in 2017 and 16,882 in 2016 (excluding those on research training support grants and short courses).

2. Funding Council grants

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
HEFCE recurrent – teaching	29.0	31.0	29.0	31.0
HEFCE recurrent – research	94.2	94.2	94.2	94.2
Capital grants	16.2	25.9	16.2	25.9
Higher Education Innovation Fund	3.2	2.5	3.2	2.5
Other	0.5	0.5	0.5	0.5
	143.1	154.1	143.1	154.1

Notes to the accounts

For the year ended 31 July 2017

3. Research grants and contracts

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Research councils	115.5	111.9	115.5	111.9
Charities	80.2	77.6	80.2	77.6
Government (UK and EU) and health authorities	49.3	50.5	49.0	49.3
European Commission	42.2	42.5	42.2	42.5
Industry and commerce	61.0	53.6	61.0	53.5
Other	13.1	14.5	13.1	13.4
	361.3	350.6	361.0	348.2

Other research grants and contracts include a grant from the Big Lottery Fund (BLF). The total amount of funding awarded for projects ongoing in 2017 was £4.2 million (2016: £3 million) to fund a UK-wide expansion of an interdisciplinary study of the natural environment. Of this total awarded, £3.2 million (2016: £2.1 million) has been spent to date and £1 million (2016: £1million) has been recognised in the year, £0.5 million by the College and £0.5 million by unrelated third party partners.

4. Other income

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Residences, catering and conferences	54.5	56.1	53.5	54.0
Consultancies and scientific services	16.1	19.1	3.5	3.3
Health and hospital authorities	24.1	25.3	24.1	25.3
Rents receivable from commercial property	9.7	7.5	8.4	0.9
Other revenue grants	6.8	8.0	6.8	8.0
Other income	40.5	61.0	47.5	66.3
	151.7	177.0	143.8	157.8

Other income in 2016 included a one-off receivable of £22.9 million relating to a sale of a building on land the College had leased at White City and £5.5 million income relating to the recovery of planning and feasibility design costs at White City Campus.

5. Investment income

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Interest and investment income on endowments	1.8	1.8	1.8	1.8
Other investment income	3.9	5.2	4.1	5.2
Interest on cash, cash equivalents and current investments	2.2	2.1	2.2	2.1
	7.9	9.1	8.1	9.1

6. Donations and endowments

	Consolidated		College	
	Year ended 31 July 2017	Year ended 31 July 2016	Year ended 31 July 2017	Year ended 31 July 2016
	£m	£m	£m	£m
New endowments	12.1	7.5	12.1	7.5
Donations with performance related conditions	1.6	1.3	1.6	1.3
Research donations	20.2	8.8	20.2	8.8
Capital donations	9.6	8.7	9.6	8.7
Other donations with restrictions	15.8	4.4	15.8	4.4
Unrestricted donations	2.8	2.6	2.8	2.6
	62.1	33.3	62.1	33.3

7. Staff costs

	Note	Consolidated		College	
		Year ended 31 July 2017	Year ended 31 July 2016	Year ended 31 July 2017	Year ended 31 July 2016
		£m	£m	£m	£m
Staff costs					
Salaries		391.7	379.0	384.1	372.3
Social security costs		41.0	35.5	40.9	35.4
Pension provisions					
USS	19	(2.0)	19.2	(2.0)	19.2
SAUL	19	0.1	4.5	0.1	4.5
Other pension costs		49.0	46.7	48.9	46.6
		479.8	484.9	472.0	478.0
Restructuring costs		1.4	1.9	1.4	1.9
		481.2	486.8	473.4	479.9

Emoluments of the President

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Salary	355	353
Benefits	14	18
	369	371
Employer's pension contributions to USS	64	59
	433	430

The President contributes to the 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 (26% in total) directly to the scheme.

Benefits include taxable benefits in kind in respect of the President's official residence, which is necessary for performance of her duties and is used regularly for the College's official functions.

Notes to the accounts

For the year ended 31 July 2017

7. Staff costs (continued)

	Full-time equivalent (FTE)		Headcount	
	At 31 July 2017	At 31 July 2016	At 31 July 2017	At 31 July 2016
Staff numbers by major category				
Academic and Research	3,687	3,738	3,977	4,021
Professional services	2,798	2,746	3,047	2,996
Technical services	476	503	491	521
Operational services	478	492	595	617
Learning and Teaching	161	147	209	198
	7,600	7,626	8,319	8,353

The 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.

Aggregate payments for compensation for loss of office payable to members of staff earning in excess of £100,000 per annum (Nil in 2017, two in 2016) were as follows:

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Compensation payable recorded within staff costs	-	96

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.

Key management personnel

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

Key management personnel comprises members of the President's Board and the Provost's Board. The increase in compensation in 2016–17 reflects changes in the composition of the Boards and represents 20 FTE (2016: 19 FTE).

	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Key management personnel compensation	5.6	4.9

	Including consultancies		Excluding consultancies	
	Year ended 31 July 2017 No.	Year ended 31 July 2016 No.	Year ended 31 July 2017 No.	Year ended 31 July 2016 No.
Remuneration of other higher paid staff (excluding the President):				
£100,000–£109,999	81	78	82	80
£110,000–£119,999	57	53	52	50
£120,000–£129,999	58	57	58	52
£130,000–£139,999	36	37	28	34
£140,000–£149,999	30	27	25	23
£150,000–£159,999	34	34	32	36
£160,000–£169,999	19	15	21	16
£170,000–£179,999	21	17	20	15
£180,000–£189,999	18	20	16	19
£190,000–£199,999	8	7	7	7
£200,000–£209,999	10	9	12	9
£210,000–£219,999	5	4	4	5
£220,000–£229,999	5	8	5	5
£230,000–£239,999	3	1	2	1
£240,000–£249,999	3	2	3	2
£250,000–£259,999	4	-	4	-
£260,000–£269,999	2	3	1	2
£270,000–£279,999	2	-	2	-
£280,000–£289,999	3	1	3	1
£290,000–£299,999	2	2	2	2
£300,000–£309,999	-	1	-	1
£310,000–£319,999	2	2	2	2
£330,000–£339,999	1	1	1	1
£340,000–£349,999	3	-	3	-
£360,000–£369,999	1	-	1	-
£370,000–£379,999	1	1	1	1
£380,000–£389,999	-	-	-	-
£440,000–£449,999	-	1	-	1
£460,000–£469,999	1	-	1	-
	410	381	388	365

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.

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For the year ended 31 July 2017

7. Staff costs (continued)

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 2017 they have not unduly influenced any transaction between the College and a related party, as defined by FRS 102.

Commercial relationships with companies or other organisations that might be regarded as related parties have been reviewed. Transactions of a similar nature are aggregated unless, in the opinion of the College, separate disclosure is necessary to understand the effect of the transactions on the financial statements. The College has taken advantage of the exemption given by FRS 102, Related Party Disclosures, from disclosing transactions with its wholly owned subsidiaries. During the year, the College purchased goods and services amounting to £35.0 million and invoiced receivables amounting to £37.0 million from related parties. At the year end £1.3 million was outstanding and included in debtors. Purchases of £1.6 million and invoiced receivables of £5.8 million relate to the transactions with the related parties in which the key management personnel declared interest. Purchased goods and services include £29.8 million from Voreda Developments (Block F) Limited in connection with the construction of the Residential Tower in White City. The Hon Robert Rayne, a member of Endowment Board, is a member of the Voreda LLP Management Board. Invoiced receivables include £28.9 million from the Wellcome Trust where Mr Nick Moakes, Chair of Endowment Board, is a Managing Partner 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 £0.1 million from the King Abdullah University of Science and Technology (KAUST) where President Alice Gast is a trustee. Louise Lindsay, Director of Human Resources and Organisational Change, has been a 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 College employees own ordinary shares in Touchstone Innovations plc (formerly 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, the Hon Robert Rayne and Mr Jeremy Newsum have shareholdings in Touchstone Innovations plc.

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

No trustee has received any remuneration or waived payments from the College during the year in respect of their services as a trustee (2016: Nil).

The total expenses paid to or on behalf of two trustees were £3,374 (2016: £1,166 to one trustee). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and charity events in their official capacity.

8. Interest and other finance costs

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Loan interest	11.4	7.9	11.4	7.9
Finance lease interest	5.7	5.6	5.7	5.6
Other financing costs	1.6	1.3	1.6	1.3
	18.7	14.8	18.7	14.8

9. Analysis of total expenditure by activity

	Staff costs £m	Depreciation £m	Other operating expenses £m	Interest £m	Consolidated	College
					Total £m	Total £m
2017						
Academic departments	219.7	3.2	60.4	0.2	283.5	284.0
Research grants and contracts	158.5	12.4	117.2	-	288.1	288.1
Academic services	27.9	0.5	18.8	-	47.2	47.2
Bursaries and scholarships	-	-	38.1	-	38.1	38.1
Administration and central services	40.7	0.1	28.3	-	69.1	65.1
Premises	16.1	37.6	58.5	-	112.2	104.6
Residences, catering and conferences	10.7	11.5	23.0	5.7	50.9	49.3
Other expenditure	7.6	-	(0.5)	12.8	19.9	17.5
Total	481.2	65.3	343.8	18.7	909.0	893.9
2016						
Academic departments	209.4	3.2	55.7	0.2	268.5	268.8
Research grants and contracts	160.7	16.2	108.4	-	285.3	282.9
Academic services	23.1	0.2	19.2	-	42.5	42.5
Bursaries and scholarships	-	-	35.9	-	35.9	35.9
Administration and central services	37.0	0.4	24.4	-	61.8	57.9
Premises	14.6	38.4	53.1	-	106.1	103.8
Residences, catering and conferences	10.5	10.4	23.2	5.6	49.7	47.9
Other expenditure	31.5	-	11.1	9.0	51.6	38.8
Total	486.8	68.8	331.0	14.8	901.4	878.5

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Other operating expenses include:		
External auditors remuneration in respect of audit services	262	228
External auditors remuneration in respect of non-audit services	43	21

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For the year ended 31 July 2017

10. Fixed assets

	Freehold land and buildings £m	Leasehold land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
Consolidated					
Cost					
At 1 August 2016	766.1	768.5	266.4	208.1	2,009.1
Additions	39.2	4.0	10.5	156.6	210.3
Transfer from/(to) investment property	17.8	-	-	(1.8)	16.0
Transfers between classes	24.8	2.9	8.1	(35.8)	-
Disposals	-	(24.0)	(10.3)	-	(34.3)
At 31 July 2017	847.9	751.4	274.7	327.1	2,201.1
Accumulated depreciation					
At 1 August 2016	156.5	256.7	223.4	-	636.6
Charge for the period	20.9	25.2	19.2	-	65.3
Disposals	-	(2.1)	(10.4)	-	(12.5)
At 31 July 2017	177.4	279.8	232.2	-	689.4
Net book value					
At 31 July 2017	670.5	471.6	42.5	327.1	1,511.7
At 31 July 2016	609.6	511.8	43.0	208.1	1,372.5
College					
Cost					
At 1 August 2016	766.1	741.5	264.0	200.1	1,971.7
Additions	39.1	4.1	10.1	150.3	203.6
Transfer from/(to) investment property	17.8	-	-	(1.8)	16.0
Transfers between classes	13.1	14.5	8.1	(35.7)	-
Disposals	-	(24.0)	(10.2)	-	(34.2)
At 31 July 2017	836.1	736.1	272.0	312.9	2,157.1
Accumulated depreciation					
At 1 August 2016	156.5	249.7	221.4	-	627.6
Charge for the period	19.0	26.1	19.0	-	64.1
Disposals	-	(2.1)	(10.2)	-	(12.3)
At 31 July 2017	175.5	273.7	230.2	-	679.4
Net book value					
At 31 July 2017	660.6	462.4	41.8	312.9	1,477.7
At 31 July 2016	609.6	491.8	42.6	200.1	1,344.1

At 31 July 2017, freehold land and buildings included £191.1 million (2016: £185.8 million) in respect of freehold land and is not depreciated.

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 in land and buildings under finance leases is also the land belonging to the Trustees of the Charitable Funds for the Charing Cross, Hammersmith and Queen Charlotte's Hospitals. The Trustees have leased the land to Imperial College London on a 125 year lease which is held at a value of £1.7 million.

Consolidated leasehold land and buildings include assets held under finance leases as follows:	Year ended 31 July 2017	Year ended 31 July 2016
	£m	£m
Cost	95.6	95.6
Accumulated depreciation	(9.9)	(7.8)
Charge for year	(2.1)	(2.1)
Net book value	83.6	85.7

Included at cost within land and buildings for the College and Group as at 31 July 2017 is a heritage asset, being the nineteenth-century built Queen's Tower, currently insured at a value of £11.4 million (2016: £11.4 million).

11. Non-current investments	Subsidiary companies	Investment property	Other	Total
Consolidated	£m	£m	£m	£m
At 1 August 2016	-	116.6	267.8	384.4
Additions	-	87.4	30.9	118.3
Transfer from/(to) fixed assets	-	(16.0)	-	(16.0)
Disposals	-	(4.9)	(11.4)	(16.3)
(Loss)/gain on market movements	-	(4.0)	19.0	15.0
Impairment	-	-	(0.6)	(0.6)
At 31 July 2017	-	179.1	305.7	484.8
College				
At 1 August 2016	25.8	116.6	267.6	410.0
Additions	9.5	87.4	30.9	127.8
Transfer from/(to) fixed assets	-	(16.0)	-	(16.0)
Disposals	(3.5)	(4.9)	(11.4)	(19.8)
(Loss)/gain on market movements	-	(4.0)	19.0	15.0
Impairment	-	-	(0.6)	(0.6)
At 31 July 2017	31.8	179.1	305.5	516.4

Other consists of:	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Listed non-current investments	146.3	119.0	146.3	119.0
Endowment funds assets	114.7	103.9	114.7	103.9
Shares not listed on a recognised stock exchange	40.9	41.4	40.9	41.4
Other non-current investments	3.8	3.5	3.6	3.3
	305.7	267.8	305.5	267.6

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For the year ended 31 July 2017

12. Investments in joint ventures

The College held a 50% share in Imperial West Ltd ('IWL'), a UK private limited company set up to achieve planning permissions at the White City campus. The College's share of IWL's income and expenditure was recognised in 2015–16 for the period up to 1 April 2016, when IWL ceased to be a joint venture.

The College also had an investment of 49.9% in Imperial West Developments LLP in 2015–16, which was a dormant entity. This was dissolved on 28 March 2017.

13. Investments in associates

Associates are consolidated using the equity method.

In February 2016, Touchstone Innovations plc (rebranded from Imperial Innovations Group plc on 4 January 2017) carried out fundraising which the College did not participate in, therefore the Group's percentage investment decreased from 20.1% to 17.1%. This was further diluted to 15.4% in September 2016 following the sale of shares by the College. On review at each event, it was concluded that the Group retains a significant influence and therefore continues to hold the investment as an associate, the carrying and fair values of which at 31 July 2017 were £77.2 million and £73.0 million respectively (31 July 2016: £78.0 million and £117.3 million respectively). As a result of the sales of shares and dilution of interest, the Group recorded a deemed profit of £4.5 million in the year (2016: deemed profit of £4.4 million), as well as a £7.3 million share of the profit for the year ended 31 July 2017 (2016: £10.9 million loss). The cost of this investment recognised for the College at 31 July 2017 was £4.3 million (31 July 2016: £4.8 million).

The College has a 23% share in Twig Rights Limited, the holding company of a trading entity which creates digital educational resources. The carrying amount of this associate at 31 July 2017 was £4.1 million (31 July 2016: £4.4 million), with a £0.3 million share of the loss for the year ended 31 July 2017 recognised in the SOCI&E (2016: £0.9 million gain). The cost recognised for the College at 31 July 2017 was £3.5 million (31 July 2016: £3.5 million). In 2016–17, the College entered into an agreement to provide the company with a convertible loan of £0.95 million.

The College also has a 25% holding in Imanova Ltd which offers environmental consultancy and scientific services. The carrying amount of this associate at 31 July 2017 was £0.3 million (31 July 2016: £0.7 million), with a £0.5 million share of the loss for the year ended 31 July 2017 recognised in the SOCI&E (2016: £0.2 million gain). The cost recognised for the College at 31 July 2017 was £1.2 million (31 July 2016: £1.2 million).

14. Subsidiary undertakings

As at 31 July the subsidiary companies (all of which are registered in England), wholly-owned or effectively controlled by the College, were as follows:

Company	Principal activity	Holding %
IC Consultants Ltd	Consultancy and scientific services	100
Imperial Activities Ltd	Commercial property services	100
Private Patient Healthcare Ltd	Private patient healthcare services	100
Burlington Danes Construction Ltd	Construction and property services	100
Imperial College ThinkSpace Ltd	Provision of facilities to spin-out companies	100
Imperial (Forest House) Ltd	Commercial property services	100
Imperial College Projects Ltd	Provision of scientific services	100
Imperial MBA Ltd	Dormant	100
Imperial College London Ltd	Dormant	100
Wye Foundation Trust	Charitable Trust	100
Extracalm Company Ltd	Administrative services	100
Extracalm Cleaning LLP	Cleaning services partnership	partnership
Imperial White City Incubator Ltd	Provision of facilities to spin-out companies	100
Imperial College Union	Student activities	

Imperial College Union is an unincorporated charitable association fully consolidated by the College.

15. Trade and other receivables

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Research grants and contracts – receivables	22.9	28.5	22.9	28.5
Research grants and contracts – work in progress	54.5	53.0	54.5	53.0
Other trade receivables	124.7	100.7	120.0	97.0
Prepayments and accrued income	40.5	73.6	38.0	68.7
Derivatives	2.1	2.5	2.1	2.5
Amounts due from subsidiary companies	-	-	16.9	12.0
Amounts due from associate companies	1.9	0.1	1.9	0.1
	246.6	258.4	256.3	261.8
Amounts due after more than one year included above	13.4	1.7	15.0	3.2

The derivatives relate to forward contracts for gas and electricity entered into to mitigate the effect of adverse market energy prices. These are held at fair value using quoted market energy rates as at the year-end. The fair value at 31 July 2017 of those maturing within one year is £1.2 million and £0.9 million for those maturing after one year (31 July 2016: £0.8 million and £1.7 million respectively), with a £0.4 million gain from change in fair value recognised in 2016–17 (2015–16: £2.5 million gain).

Included within Other trade receivables are invoices totalling £75.2 million (£81.0 million in 2016) 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.

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For the year ended 31 July 2017

16. Current investments

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Deposits	58.1	12.8	58.1	12.8

Deposits included here are those held with banks and building societies with more than three months maturity at the balance sheet date.

At 31 July 2017 the weighted average interest rate of these fixed rate deposits was 0.572% per annum and the average period for which the interest rate is earned on these deposits was 134 days. The fair value of these deposits was not materially different from the book value.

17. Creditors : amounts falling due within one year

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Bank overdraft	-	-	-	15.6
Unsecured loans	5.8	5.8	5.8	5.8
Obligations under finance leases	0.7	0.7	0.7	0.7
Deferred lease premiums	0.3	0.3	0.3	0.3
Research payments received on account	197.4	199.3	197.4	199.3
Trade payables	18.5	27.7	18.1	19.5
Social security and other taxation payable	15.6	13.8	15.4	13.5
Accruals and deferred income	248.5	232.5	235.1	219.8
Amounts due to subsidiary companies	-	-	2.7	3.3
Derivatives	0.3	-	0.3	-
	487.1	480.1	475.8	477.8

The derivatives relate to foreign currency swaps entered into in 2016–17. The College purchased Euros in May 2017, agreeing to sell these back in February 2018 at a pre-agreed exchange rate. These are held at fair value, determined by reference to the prevailing EUR:GBP exchange rate as at 31 July 2017. The fair value of the swap liability at 31 July 2017 is £0.26 million, with the total £0.26 million loss from change in fair value recognised in 2016–17.

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred.

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Income with performance related conditions	6.5	8.0	6.5	8.0
Other income	161.1	142.6	159.1	142.6
	167.6	150.6	165.6	150.6

Included within other income are deferred tuition fees totalling £115.5 million (£98.8 million in 2016) in respect of courses starting in the next financial year.

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

	Consolidated		College	
	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m	Year ended 31 July 2017 £m	Year ended 31 July 2016 £m
Obligations under finance lease	89.7	90.4	89.7	90.4
Deferred lease premiums	12.1	12.3	12.1	12.3
Unsecured loans	465.0	200.8	465.0	200.8
	566.8	303.5	566.8	303.5

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

	Lease premiums £m	Bank loans £m	Finance leases £m	2017 £m	2016 £m
Due within one year or on demand (Note 17)	0.3	5.8	0.7	6.8	6.8
In more than one year but no more than two years	0.3	9.0	0.8	10.1	6.8
In more than two years but no more than five years	1.0	31.3	2.5	34.8	27.0
In more than five years	10.8	424.7	86.4	521.9	269.7
Total unsecured loans and finance lease obligations	12.4	470.8	90.4	573.6	310.3
Less than one year	(0.3)	(5.8)	(0.7)	(6.8)	(6.8)
Due after more than one year	12.1	465.0	89.7	566.8	303.5

The bank loans comprise the following unsecured sterling borrowing facilities:

	Outstanding amount drawn £m	Original amount £m	Interest rate %	Date drawn	Term Years
Lender					
Private Placement	50.0	50.0	5.39	Mar-03	30
EIB	7.7	23.2	floating	Dec-05	15
Private Placement	50.0	50.0	4.84	Jul-06	50
EIB	23.1	50.0	floating	May-08	15
EIB	70.0	70.0	2.87	Dec-14	25
EIB	70.0	70.0	2.50	Nov-16	25
Private Placement	30.0	30.0	2.47	Jan-17	33
Private Placement	71.0	71.0	2.47	Jan-17	35
Private Placement	99.0	99.0	2.44	Jan-17	40
	470.8	513.2			

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For the year ended 31 July 2017

19. Provisions for liabilities	Obligation to fund deficit on USS pension £m	Obligation to fund deficit on SAUL pension £m	Total pensions provisions £m	Corporate £m	Decommissioning of engineering facility £m	Total other £m
Consolidated						
At 1 August 2016	77.7	3.8	81.5	0.2	11.6	11.8
Utilised in period	(4.6)	(2.4)	(7.0)	(0.1)	(3.4)	(3.5)
Movement in period	(0.7)	0.2	(0.5)	0.4	(0.3)	0.1
At 31 July 2017	72.4	1.6	74.0	0.5	7.9	8.4
College						
At 1 August 2016	77.6	3.8	81.4	0.2	11.6	11.8
Utilised in period	(4.6)	(2.4)	(7.0)	(0.1)	(3.4)	(3.5)
Movement in period	(0.8)	0.2	(0.6)	0.4	(0.3)	0.1
At 31 July 2017	72.2	1.6	73.8	0.5	7.9	8.4

USS deficit

The obligation to fund the past deficit on the USS pension scheme arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management has re-assessed future employee membership within the USS scheme and salary increases over the period of the contracted obligation in assessing the value of this liability. These, along with a change in discount rate applied, have resulted in a decrease of £2.0 million in the year. The movement in the year also includes a finance charge of £1.3 million, relating to the unwind of the provision.

SAUL deficit

The obligation to fund the past deficit on the SAUL pension scheme arises from the contractual obligation with the pension scheme, agreed in 2015–16, for total payments relating to benefits arising from past performance. Management has re-assessed future employee membership within the SAUL scheme and salary increases over the period of the contracted obligation in assessing the value of this liability. These, along with a change in discount rate applied, have resulted in an increase of £0.12 million in the year. The movement in the year also includes a finance charge of £0.04 million, relating to the unwind of the provision.

Other

The Corporate provision relates to a number of restructuring programmes which are currently underway within the College with the aim of reducing costs, as well as to a legal claim concerning an incident at premises leased to the College at the Chelsea and Westminster Hospital in 2011 in which both the College and the Chelsea and Westminster Trust are being prosecuted by The Health and Safety Executive for breaches of health and safety legislation. The value is the best estimate given the outcome of the latest court proceedings but remains at the discretion of the court. The case is expected to be settled in 2017–18.

20. Endowment reserves

Restricted net assets relating to endowments are as follows:

					2017	2016
	Restricted permanent endowments £m	Unrestricted permanent endowments £m	Total permanent endowments £m	Expendable endowments £m	Total endowments £m	Total endowments £m
Balances at 1 August						
Capital	70.2	11.8	82.0	59.0	141.0	125.3
Accumulated income	(0.8)	(0.1)	(0.9)	(13.9)	(14.8)	(11.7)
	69.4	11.7	81.1	45.1	126.2	113.6
New endowments	1.1	-	1.1	11.0	12.1	7.5
Reclassification – capital	-	-	-	(0.1)	(0.1)	-
Reclassification – accumulated income	-	-	-	0.1	0.1	-
Investment income	1.1	0.2	1.3	0.6	1.9	1.8
Expenditure	(2.2)	(0.2)	(2.4)	(4.1)	(6.5)	(4.9)
	(1.1)	-	(1.1)	(3.5)	(4.6)	(3.1)
Increase in market value of investments	4.9	0.8	5.7	2.3	8.0	8.2
At 31 July	74.3	12.5	86.8	54.9	141.7	126.2
Represented by:						
Capital	76.2	12.6	88.8	72.2	161.0	141.0
Accumulated income	(1.9)	(0.1)	(2.0)	(17.3)	(19.3)	(14.8)
	74.3	12.5	86.8	54.9	141.7	126.2
					2017	2016
					Total £m	Total £m
Analysis by asset						
Non-current assets					114.7	103.9
Accrued income					5.5	-
Current liabilities					(0.4)	(0.2)
Cash and cash equivalents					21.9	22.5
					141.7	126.2

Included within endowments are a number of permanent funds with a deficit of accumulated income as at 31 July 2017. Within unrestricted permanent endowments there are four funds with a combined deficit balance of £0.1 million (2016: 3 funds with a deficit totalling £0.1 million). Within restricted permanent endowments there are 72 individual funds with a total combined deficit of £4.6 million (2016: 66 funds with a total combined deficit of £3.6 million). The College monitors funds in a deficit position and takes corrective action to ensure that these funds return to surplus in the medium term.

Notes to the accounts

For the year ended 31 July 2017

21. Restricted reserves

Reserves with restrictions are as follows:

				2017	2016
Consolidated	Capital £m	Research £m	Other £m	Total £m	Total £m
Balances at 1 August	29.0	7.5	15.5	52.0	34.6
New HEFCE grants	16.2	-	-	16.2	25.9
New income/donations	9.8	22.7	18.8	51.3	27.0
Expenditure	(39.5)	(12.2)	(7.4)	(59.1)	(35.5)
	(13.5)	10.5	11.4	8.4	17.4
At 31 July	15.5	18.0	26.9	60.4	52.0

				2017	2016
College	Capital £m	Research £m	Other £m	Total £m	Total £m
Balances at 1 August	25.9	7.5	14.7	48.1	30.3
New HEFCE grants	16.2	-	-	16.2	25.9
New income/donations	9.8	22.7	18.0	50.5	24.6
Expenditure	(39.3)	(12.2)	(4.8)	(56.3)	(32.7)
	(13.3)	10.5	13.2	10.4	17.8
At 31 July	12.6	18.0	27.9	58.5	48.1

22. Capital and other commitments

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

	Consolidated		College	
	2017 £m	2016 £m	2017 £m	2016 £m
Capital commitments for major building projects contracted at 31 July	179.3	100.1	178.5	95.0

23. Contingent liabilities

The College is involved in a number of legal cases and subject to a number of overage clauses. In addition, the College served a break notice in June 2017 to the tenant of part of the Centre House site. As part of this break notice, the tenant has the option of taking alternative accommodation offered by the College, or a £1 million payment. The tenant has six months to make this decision and it is not known what the decision will be. It is therefore disclosed as a contingent liability for the year ended 31 July 2017. No other material financial liabilities are anticipated.

24. Lease payables

Total rentals payable under operating leases:	2017	2016
	£m	£m
Future minimum lease payments due:		
Not later than 1 year	6.5	1.0
Later than 1 year and not later than 5 years	22.3	0.9
Later than 5 years	128.5	25.1
Total lease payments due	157.3	27.0

Lease payments recognised as an expense in the year totalled £6.4 million (2016: £26,500).

On 23 August 2016, the Innovation and Translation Hub at the White City campus was completed and Imperial Thinkspace Limited took possession on a 25 year lease from this date. This contributes £5.5 million per annum lease payable commitments over the 25 year period.

25. Lease receivables

Total rentals receivable under operating leases:	2017	2016
	£m	£m
Future minimum lease payments due:		
Not later than 1 year	8.4	3.7
Later than 1 year and not later than 5 years	28.4	6.3
Later than 5 years	53.2	6.9
Total lease payments due	90.0	16.9

The purchase of land and buildings within the investment property portfolio in 2016–17 involved the transfer of the existing lease, which delivers £4 million per annum until 2030.

26. Events after the reporting year

On 20 June 2017, IP Group plc announced the terms of an all-share offer to be made by IP Group plc for the whole of the issued and to be issued share capital of Touchstone Innovations plc. The transaction completed on 17 October 2017. As a result, the College now holds a 5.2% share in IP Group Plc.

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For the year ended 31 July 2017

27. Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the College and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. The College has no connected charities with income of £100,000 and above to disclose. Aggregate figures for connected 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	Expenditure and outgoing resources £'000	Capital growth/diminution £'000	Closing reserves £'000
Consolidated					
Prize Funds (2 funds)	337	5	(10)	22	354
Research support (2 funds)	2,255	34	(386)	148	2,051
Student support (1 fund)	3,082	55	(91)	207	3,253
	5,674	94	(487)	377	5,658

28. Pension schemes

The College participates in four separate, independently managed, defined benefit occupational pension schemes, which were contracted out of the State Second Pension (S2P) until 31 March 2016. Each is valued triennially by professionally qualified and independent actuaries, except the NHS Scheme which is valued quadrennially. The Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (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. Hence, as required by Section 28 of FRS 102, contributions to the schemes are accounted for as if they were defined contribution schemes. This means the amounts charged to the statement of comprehensive income and expenditure represent the contributions payable to the schemes in respect of the accounting period. For both USS and SAUL, 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 may be spread across the remaining participant employers and reflected in the next actuarial valuation. The College also participates in the Federated Pension Scheme 1634 (FPS).

IC 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. In addition, IC Consultants Ltd formally joined the SAUL pension scheme in September 2016.

USS

Staff paid on academic and academic-related scales (who are otherwise eligible), can acquire pension rights through USS, which is a national scheme administered centrally for UK universities. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the Trustee.

At 31 March 2017, USS had over 190,000 active members and the College had 4,137 active members participating in the scheme (31 March 2016: 180,000 and 4,060 members respectively). The total pension cost for the College for the year ended 31 July 2017 was £38.9 million (2016: £35.3 million). Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method (the valuation as at 31 March 2017 is underway).

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 were therefore sufficient to cover 89% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

Following the 2011 triennial valuation, in 2012 employers had agreed a deficit recovery plan for the period 1 April 2012 to 31 March 2021 to pay off the scheme shortfall. This recovery plan was subsequently revised in July 2015 to end on 31 March 2031. From 1 April 2016

28. Pension schemes (continued)

employer contributions have increased to 18% of salaries (2015: 16%), providing a deficit contribution of 2.1% per annum. Member contributions have increased to 8% of salaries (2015: Final Salary – 7.5%, Career Revalued Benefits – 6.5%).

The defined benefit liability to be recognised by the College in respect of the deficit contributions due to USS is £72.4 million as at 31 July 2017 (£77.7 million as at 31 July 2016). Management has assessed future employee membership within the USS scheme and salary increases over the period of the contracted obligation in assessing the value of this liability (Note 19).

Informal reviews, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations. The defined benefit liability numbers for the scheme have been produced using the following assumptions:

	31 March 2017	31 March 2016
Discount rate	2.6%	3.6%
Price inflation (CPI)	2.4%	2.2%
Life expectancy:		
Males (females) currently aged 65 (years)	24.4 (26.6)	24.3 (26.5)
Males (females) currently aged 45 (years)	26.5 (29.0)	26.4 (28.8)
Existing scheme's benefits:		
Scheme assets	£60.0bn	£49.8bn
FRS 102 liabilities	£77.5bn	£58.3bn
FRS 102 deficit	£17.5bn	£8.5bn
FRS 102 funding level	77%	85%

Note that the FRS 102 funding level is based on accounting rules and assumes that the scheme's assets are wholly invested in AA rated company loans. This is not the driver for the benefit and contribution decisions for the scheme.

SAUL

The College participates in SAUL, which is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education in London.

Pension benefits accrued within SAUL build up on either a Final Salary basis or a Career Average Revalued Earnings ('CARE') basis. Following a consultation with members, the SAUL Final Salary Section closed from 31 March 2016 and all members now build up benefits on a CARE basis from 1 April 2016.

The last actuarial valuation was carried out with an effective date of 31 March 2014. The market value of the scheme's assets was £1,927 million representing 97% of the liability for benefits accrued up to 31 March 2014.

The Trustee and employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

The defined benefit liability to be recognised by the College in respect of the deficit contributions due to SAUL is £1.6 million as at 31 July 2017 (£3.8 million as at 31 July 2016). Management has assessed future employee membership within the SAUL scheme and salary increases over the period of the contracted obligation in assessing the value of this liability (Note 19).

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 NHS. 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.

Notes to the accounts

For the year ended 31 July 2017

28. Pension schemes (continued)

The Scheme is subject to a full valuation every four years. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. A valuation of the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) 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 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.

The next actuarial valuation is to be carried out as at 31 March 2016 and will set the employer contribution rate payable from April 2019. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders. Current employer contributions are set at 14.3%, with member contributions ranging between 5.0% and 14.5% depending on salary.

FPS defined benefit scheme

FPS is the scheme of 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 2016 by a qualified independent actuary.

The liabilities set out in this note have been calculated based on the preliminary results of the full Scheme Funding Assessment as at 31 March 2016. The present value of the defined benefit obligation was measured using the projected unit credit method. Imperial College London has agreed a funding plan with the Trustee body following the 31 March 2016 funding assessment, whereby it was expected that no contributions would be required for the five year period commencing 15 May 2017. The disclosures set out below are based on calculations carried out as at 31 July 2017 by an independent qualified actuary.

The results of the calculations and the assumptions adopted are shown below:

	2017	2016
	£m	£m
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	(4.6)	(4.5)
Interest cost on obligation	(0.2)	(0.2)
Administration costs	(0.2)	(0.1)
Current service cost	-	-
Remeasurement gains and (losses) – Actuarial gains and (losses)	-	(0.1)
Member contributions	-	-
Benefits paid including expenses	0.5	0.3
Closing defined benefit obligation	(4.5)	(4.6)
	2017	2016
	£m	£m
Changes in the fair value of scheme assets		
Opening fair value of assets	7.1	6.8
Interest income	0.2	0.2
Remeasurement gains and (losses) – Return on scheme assets excluding interest income	-	0.4
Member contributions	-	-
Benefits paid including expenses	(0.4)	(0.3)
Closing fair value of scheme assets	6.9	7.1

28. Pension schemes (continued)

	2017	2016
	£m	£m
Total expense recognised in Income and Expenditure		
Administration expenses	0.2	0.1

	2017	2016
Major categories of scheme assets as a percentage of total scheme assets		
Gilts	63%	61%
Corporate bonds	16%	16%
Insured annuity contracts	1%	1%
Cash	20%	22%
Total	100%	100%

The pension scheme has not invested in any of Imperial College London's own financial instruments, nor in properties or other assets used by Imperial College London. The assets are all quoted in an active market with the exception of the insured pensions.

	2017	2016
	£m	£m
Reconciliation of the present value of scheme liabilities and fair value of assets to the asset recognised in the Balance Sheet		
Fair value of assets	6.9	7.1
Value of liabilities	(4.5)	(4.6)
Funded status	2.4	2.5
Unrecognised pension asset	2.4	2.5

	2017	2016
	£m	£m
Total amounts recognised in Other Comprehensive Income		
Actual return on scheme assets – gains and (losses)	0.2	0.6
less: amounts included in net interest on the net defined benefit liability	(0.2)	(0.2)
Remeasurement gains and (losses) – Return on scheme assets excluding interest income	-	0.4
Remeasurement gains and (losses) – Actuarial gains and (losses)	-	(0.1)
Surplus restriction	-	(0.3)
Other Comprehensive income gains/(losses)	-	-

	2017	2016
Assumptions		
Discount rate	2.5%	2.3%
Aggregate long-term expected rate of return on assets (net of expenses)	2.5%	2.3%
Retail Prices Index (RPI) Inflation	3.2%	2.7%
Consumer Prices Index (CPI) Inflation	2.2%	1.7%
Future statutory revaluation of pensions in deferment	2.2%	1.7%
Pensions in payment, increasing by CPI capped at 5% p.a.	2.2%	1.8%
Post retirement mortality assumption	90% of S2PxA	90% OF S2PXA

Notes to the accounts

For the year ended 31 July 2016

28. Pension schemes (continued)

Scheme contributions

		2017	2016
	Note	£m	£m
The pension costs for the College and its subsidiaries under FRS 102 were:			
Contributions to USS		38.9	35.3
Contributions to SAUL		12.9	10.4
Contributions to NHS		4.3	4.3
Contributions to defined contribution pension schemes		-	0.1
Total contributions payable		56.1	50.1
Contributions towards USS deficit	19	(4.7)	(2.7)
Contributions towards SAUL deficit	19	(2.4)	(0.7)
Total contributions recognised in staff costs		49.0	46.7

29. Financial instruments

The College has the following financial instruments:

		2017	2016
	Note	£m	£m
Financial assets measured at fair value through profit or loss			
Listed non-current investments	11	146.3	119.0
Endowment funds assets	11	114.7	103.9
Derivatives	15	2.1	2.5
		263.1	225.4
Financial assets that are debt instruments measured at amortised cost			
Other non-current investments	11	3.8	3.5
Other trade receivables	15	124.7	100.7
Research grants and contracts – receivables	15	22.9	28.5
Research grants and contracts – work in progress	15	54.5	53.0
Accrued income		35.6	71.0
Amounts due from associate companies	15	1.9	0.1
Current investments	16	58.1	12.8
		301.5	269.6
Financial assets that are equity instruments measured at cost less impairment			
Shares not listed on a recognised stock exchange	11	40.9	41.4
		40.9	41.4

29. Financial instruments (continued)

		2017	2016
	Note	£m	£m
Financial liabilities measured at fair value through profit or loss			
Derivatives	17	(0.3)	-
		(0.3)	-
Financial liabilities measured at amortised cost			
Unsecured loans	17,18	(470.8)	(206.6)
Obligations under finance leases	17,18	(90.4)	(91.1)
Trade payables	17	(18.5)	(27.7)
Accruals		(80.9)	(81.9)
		(660.6)	(407.3)

