

**Imperial College  
London**

**ANNUAL REPORT  
AND ACCOUNTS**

**2019–20**

# 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 Sir Michael Uren Hub at the White City Campus.

**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 2019–20

- 04 President's foreword
- 06 Imperial's benefit to society
- 14 Managing risks
- 18 Our remuneration policies and practices

## Financial Review

- 24 Finance foreword
- 25 Five-year consolidated summary of key statistics
- 26 Financial review

## Corporate Governance

- 39 Our governance structure
- 42 Responsibilities of the Council
- 44 Council and Council committees

## Independent Auditors' Report

- 48 Independent auditors' report to the Council

## Financial Statements 2019–20

- 52 Statement of comprehensive income and expenditure
- 53 Statement of financial position
- 54 Statement of changes in reserves
- 55 Consolidated statement of cash flows
- 56 Statement of principal accounting policies
- 62 Notes to the financial statements

# IMPERIAL IN 2019-20

Dr Apostolos Voulgarakis and visiting PhD student, Yawei Qu, discuss the influence of Californian wildfires on air pollution and cloud formation using high resolution satellite images at the Global Data Observatory in the Data Science Institute.

# PRESIDENT'S FOREWORD



**PROFESSOR ALICE P. GAST**  
PRESIDENT OF IMPERIAL COLLEGE LONDON

When we wrote the College strategy 2015–2020, we hoped that it would be an enduring guide. It has held up well, even in the face of unprecedented crisis and societal change.

The foreword to the College strategy in 2015 was prescient:

*It is 2015 and we can be confident that in ten years the world will be quite different from today. International relations, social structures and trade patterns will alter. There will be new approaches to dealing with epidemics, shortages of natural resources and environmental crises. New challenges will arise.*

Unprecedented challenge abounds in 2020 and beyond. Our mission, to achieve enduring excellence in research and education in science, engineering, medicine and business for the benefit of society, is more important than ever.

Our strong foundations, great people, excellent partners and enablers still frame what we aim for. We have accomplished quite a bit since 2015 and we have new and daunting challenges ahead.

## Strong foundations for global challenges

The COVID-19 crisis has showed, more than ever, the value of a strong strategy, the ability to take risks and the need to act courageously. Right across College, our people have risen to the challenges bringing expertise and discovery in epidemiology, diagnostics, therapies, clinical practices, policies and economic impact to address the pandemic. New partners have emerged, new levels of courage have been mustered.

We have known that universities had to change to adapt to societal evolution and our community has adapted swiftly to a rapidly changing environment. While we might not have predicted a global pandemic shifting us to remote working and online teaching and learning, our strategies had prepared us to seize opportunities and face challenges.

We have accomplished a lot outside of this unprecedented event. Our core disciplines are stronger than ever leading to new discoveries in every field. Our Academic Strategy is based on these strong foundations and leads to tangible benefits to society. It builds on the way Imperial reaches across disciplines and embeds the educational experience in a vibrant, research-led, entrepreneurial environment. We focus on the ways we are helping society become more sustainable, healthy, smart and resilient. These attributes have never been more pressing.



Research Technician, Leon McFarlane working on the Imperial COVID-19 vaccine in Professor Robin Shattock's lab.



Researchers working on machine learning to teach robots to complete everyday tasks.

## Great people: our College community

We will build upon our accomplishments improving our supportive, inclusive and highly motivated staff community. This year the Race Equality Charter team interrogated policies and procedures, and the outcomes of these. We were assessed to have achieved Disability Leader status; the highest level of accreditation. This is indicative of an organisation which anticipates needs, rather one which simply responds. As a result of improvements made we successfully jumped up four places in the increasingly challenging Stonewall Equality Index.

We remain committed to the Athena SWAN Charter as a means of driving improvements in gender equality. The number of departmental awards has increased to 18 (out of 21 departments) in the past year as a result of several successful submissions; a Gold renewal in Chemistry and Silver for Physics, Surgery and Cancer and Bioengineering among them.

## Informing, influencing, inspiring

The changes in the UK over the past year have given us opportunities to be seized and challenges to be met. There are risks to be taken and bets to be made. We have been at the heart of efforts to persuade government of the value of science, research and education to the future of the UK. We and our partners across the country in higher education, research and industry, successfully made the case for the UK investment in Research and Development to rise to 2.4% of GDP by 2027. We are now poised to take advantage of this immense opportunity, and we must be proactive.

Our Academic Strategy creates new opportunities to do just that. The first two initiatives in the strategy illustrate this well.

In the Towards Zero Pollution initiative, our world leading research and education comes together with strength and purpose to systematically address the problems of pollution. This complements the way our community is rising to the challenges posed by climate change through Sustainable Imperial's work to help our campuses and every member of our community to reduce their carbon footprint.

A second initiative brings together our expertise and infrastructure, from molecular synthesis to AI, to revolutionise how we create new molecules, from new drugs to more effective catalysts, to meet a wide range of societal needs.

Making the most of these ambitious projects will require collaboration with partners in industry and research and higher education institutions across the UK and internationally. Investment must optimise outcomes for the UK as a whole.

## Enablers: the way forward

Our ability to try new things, to provide an environment supporting individuals to be bold and take risks, and to work across disciplines should give us confidence to seize opportunities.

One such opportunity is in the government's proposal to experiment with new funding approaches, giving researchers greater freedom to pursue long-range projects to tackle some of the world's greatest challenges. This is called UK Advanced Research Projects Agency (ARPA), which is modelled on the US version. This approach will be even more beneficial if its founders take a lesson from jazz and encourage improvisation and collaboration with trusted partners within the UK and abroad.

**Professor Alice P. Gast**  
President of Imperial College London

“We focus on the ways we are helping society become more sustainable, healthy, smart and resilient. These attributes have never been more pressing.”

# IMPERIAL'S BENEFIT TO SOCIETY

We deliver public benefit by educating some of the world's brightest students, creating a climate where staff can thrive, and building deep and lasting ties with our community and partners.

## Imperial's objects, mission and strategy

Our Royal Charter, granted in 1907 when the College was established, defines our objects, or guiding principles. These 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. These objects continue to underpin our mission today.

Our Strategy guides our work towards achieving this mission. We define the foundations of our work as our specialisation in science, engineering, medicine and business; our world class core academic disciplines; our emphasis on multidisciplinary research; and our vibrant, research-led, entrepreneurial environment.

In our focus on people, we commit to building a supportive, inclusive and highly motivated staff community; enriching the student experience; and building strong relationships with our alumni and friends.

## About public benefit

As 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, each of Imperial's purposes must be for the public benefit. The Office for Students regulates universities as charities on behalf of the Charity Commission. The Council, as the College's Trustee, sets and reviews its objects and activities, with due regard to the Charity Commission's guidance on the reporting of public benefit, particularly in relation to the advancement of education and fee charging.

Partners are critical to achieving our goals, and we commit to strengthening collaborations across the globe; working with industry to translate our innovative ideas into real-world benefits; informing decision-makers to influence policy; and sharing the wonder and importance of what we do with the public, schools and our local communities.

The enablers that underpin our success are the strengthening and diversification of our revenue; professional support, consistent processes and appropriate technology for staff and students; and a commitment to acting courageously and innovatively when pursuing new opportunities.



Local students investigate architecture in White City as part of Creative Bricks, a collaborative outreach project by Imperial, The Royal College of Art and West London Zone.

## Foundations

### Maintain world class core academic disciplines

The strength of our disciplines relies on the individuals within them. In the last year, many of our researchers and academics were recognised for their expertise and achievements.

- Professor Lesley Regan, Clinical Professor in the Department of Metabolism, Digestion and Reproduction, was made a Dame in the New Year Honours list for services to women's healthcare.
- Professors Martin Blunt, Peter Childs, Maja Pantic, and Imperial's President, Professor Alice Gast, were elected as Fellows to the Royal Academy of Engineering.
- Professors Molly Stevens, Iain McCulloch and George Jackson were made Fellows of the Royal Society.
- Professor Neil Ferguson, Director of the Abdul Latif Jameel Institute for Disease and Emergency Analytics (J-IDEA) and Head of the Department of Infectious Disease Epidemiology in the School of Public Health was named as an International Member of the US National Academy of Medicine; Professor Molly Stevens was named as a Foreign Member of the US National Academy of Engineering.
- Professors Adnan Custovic, Tim Hallett, Oliver Howes and Neena Modi were elected as Fellows to the Academy of Medical Sciences.

### Encourage multidisciplinary research

Our Academic Strategy builds on excellence in our core disciplinary expertise by identifying and enabling opportunities that reach across departments and faculties.

The Strategy lays out four societal themes – sustainability, health, information and resilience – which bring together research, education and translation activity across our faculties. This focuses efforts to increase fundamental understanding and develop new discoveries.

- Dr Marco Di Antonio from the Department of Chemistry is part of a research project with the University of Cambridge and the University of Leeds that has tracked, for the first time, four-stranded DNA in living human cells. The research team are examining how the structure forms and the role it plays in our cells.
- Professor Molly Stevens from the Department of Materials worked with researchers from MIT to develop a simple and sensitive urine test that can signal growing tumours in mice. This may lead to earlier detection of cancer and their subsequent treatment; she subsequently turned to development of an ultra-sensitive rapid test for COVID-19.

- Dr Andrea Crisanti and Dr Alekos Simoni from the Department of Life Sciences have eliminated malaria mosquitoes in the lab through 'gene drive' technology. They insert a genetic modification which causes mosquitoes to produce more male offspring, eventually leading to no females being born and a total collapse in the population.
- Dr Charles Donovan from Imperial College Business School led a report which showed that renewable power is outperforming fossil fuels in US and European markets. The report, published in collaboration with the International Energy Agency, revealed that despite the growing profile of renewables, total investment in clean energy is still not at the level needed to put the world's energy system on a sustainable path.

Our world leading researchers have also played a vital role in tackling the COVID-19 pandemic – from modelling disease transmission and fatalities, developing new technologies to support patients and clinicians, and studying how the disease progresses, to vaccine research, analysing the economic impact of lockdown and proposing ways to build back better in a post-COVID world.

- Professor Neil Ferguson and the researchers from J-IDEA and the MRC Centre for Global Infectious Disease Analysis at Imperial published scores of influential papers mapping and predicting the spread of COVID-19, showing the effectiveness of interventions. Their work has informed the response of governments and health services around the world.
- Professor Robin Shattock from the Department of Infectious Disease is leading the development of a new self-amplifying RNA COVID-19 vaccine. The vaccine is based on a new approach that causes the body to amplify synthetic strands of virus' genetic code (called RNA). Preclinical studies have shown that the vaccine produced highly specific antibodies against the COVID-19 virus in mice. The vaccine entered clinical trials in June 2020 and expanded to six additional sites throughout England in July.

**“In response to the COVID-19 pandemic, my research group has continued to work with determination to support the development of game-changing technology to address the urgent need for reliable, cost-effective and fast COVID-19 diagnostic tests”**

Professor Molly Stevens, Professor of Biomedical Materials and Regenerative Medicine

## Our response to coronavirus

Imperial staff, students and alumni are working round-the-clock to combat COVID-19. We're pioneering new technology and treatments, exploring how the virus is transmitted and developing new approaches to teaching and learning.



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- 1 PPE produced by Imperial volunteers ready for distribution to NHS key workers.
- 2 Ahreum Jung, Invention Rooms Associate, was part of the core team making 50,000 disposable visors for Imperial College Healthcare NHS Trust hospitals.
- 3 Professor Robin Shattock is leading the development of Imperial's COVID-19 vaccine, which began human trials in June 2020.
- 4 Researchers from the Department of Chemical Engineering, led by Dr Qilei Song, developed respirator equipment to protect surgeons operating on COVID-19 patients.
- 5 Dr Connor Myant from the Dyson School of Design Engineering is developing an automated design-through-manufacturing pipeline to deploy custom masks to healthcare workers at scale.
- 6 DnaNudge, a startup co-founded by Professor Chris Toumazou, has developed a rapid COVID-19 test, which is due to be rolled out in NHS hospitals.
- 7 Epidemiological modelling by Professor Neil Ferguson and his team have influenced COVID-19 policies around the world.
- 8 One of the first volunteers receiving the candidate COVID-19 vaccine developed by Imperial researchers.
- 9 Imperial is leading the REACT Study, a major programme of home testing to track the progress of COVID-19 infection across England.
- 10 Researchers from the Department of Aeronautics measuring transmission risk of COVID-19 during outdoor exercise using the 10 x 5 Wind Tunnel.

- Professors Paul Elliott and Ara Darzi are leading a major programme as part of the REACT study on home testing for COVID-19, which has tracked the progress of the infection across England. The programme has helped to improve understanding of how people are infected and indicated how many people had recovered since the outbreak of COVID-19.
- Professor Peter Openshaw from the National Heart and Lung Institute is one of the researchers leading a major study analysing samples from COVID-19 patients to learn more about the disease and how it progresses. By July 2020, more than 66,000 patients from across the UK had been enrolled in the study.

#### *Embed our educational experience in a vibrant, research-led, entrepreneurial environment*

We are committed to delivering a world class education and experience for our students. We want our students to become independent learners who develop highly applicable skills and attributes, and who are curious and driven to continue learning throughout their lives.

We adapted quickly at the start of the lockdown to finish the 2019–20 academic year and started planning for the new one.

- Final year Medicine students were able to complete their assessments in what is thought to be the world's first open-book final year medical exam delivered remotely. Head of Undergraduate Medicine, Dr Amir Sam, worked closely with educational technology specialists from the School of Medicine to deliver the assessments on 17 March.
- While face-to-face teaching was suspended, our team of educational technologists, including those from the College's Digital Learning Hub, worked with departments to develop materials to support remote teaching.
- We announced plans in June 2020 to deliver 'multi mode' teaching in the autumn term. This combines on campus and remote learning, allowing students to continue their studies and enjoy the university experience safely. Throughout the COVID-19 pandemic and lockdown, we have worked to keep students informed of the latest developments at the College and from the UK government through regular, targeted communications. This will continue.

**“At first it was a surreal experience, but I felt very secure as we were given masks, wipes and hand gels.”**

Bala Kadirvel, Executive MBA student on returning to campus in August

- Imperial College Business School will co-locate students and academics to ScaleSpace, our newly developed innovation space at White City. ScaleSpace's focus on research, innovation and business building will give students the opportunity to forge connections with scale-up companies based there and with the wider entrepreneurship community at White City.

## People

### *Build a supportive, inclusive and highly motivated staff community*

This has been a particularly challenging year for our staff, with the pandemic adding to existing concerns about the UK leaving the EU and the valuation of the USS pension scheme. Despite this, our staff have continued to demonstrate their commitment to our students, our research and to each other over the past year. We continue to remain committed to offering all staff a total remuneration package of pay and benefits that is equitable and fair. Finding an affordable long-term pension solution that remains an attractive benefit for our employees is a key component of the remuneration.

- Many staff volunteered to support the NHS response to the COVID-19 pandemic – from producing PPE for keyworkers, converting lab spaces for COVID-19 testing, to working with local gin distillery, Sipsmith, to produce hundreds of litres of hand sanitiser.
- We launched our Imperial@Home campaign to provide guidance to our staff on working from home, including how to look after their mental wellbeing during this time. We have been continually inspired by the dedication, spirit and effectiveness of our community working remotely and admire their resilience as we all continue to deliver and support the College's mission.
- Our community, led by Imperial as One, our BAME advisory group, and our students' union, came together to express solidarity with the Black Lives Matter movement. President Alice Gast announced a series of initiatives to address current and historic racial injustices and commissioned a working group to examine the College's history and legacy.

**“As a university we can do more to address racial inequality and injustice – and we will.”**

Professor Alice P. Gast,  
President of Imperial College London

### *Enrich the student experience*

Our priority continues to be to keep both our student and staff communities safe. Our actions in response to the pandemic reflect this, both in the swift adjustments made to complete the 2019–20 academic year and in the planning for the new year. We continue to believe that our students should enjoy a rich and vibrant student experience as part of a welcoming, inclusive community.

- In 2020, the College once again ranked highly compared to other London universities in the National Student Survey (NSS), improving by 12 places compared to last year. 81% of students reported that they were satisfied with their course. Participation by Imperial students in the NSS also increased this year to 75%, six percentage points higher than the national response rate.
- During the autumn term in 2019, we launched the Student Support Zone, which brings together wellbeing advice and resources for students, covering areas such as health, mental wellbeing, finance and housing, in one place. This made it easier to make these services available remotely in response to the pandemic.

### *Build strong relationships with our alumni and friends*

Our alumni community is actively engaged with the life of the College through participation in events, volunteering their time as mentors and through their generous support.

This year we launched the Imperial Alumni Awards, to celebrate achievements within our own community. The inaugural Alumni Award winners are:

- Professor Angela Vincent (Westminster Hospital Medical School 1966) and Harris Bokhari (Mathematics with Management 1999), who received the Distinguished Alumni Awards in recognition of their dedication to improving other people's lives and approaching significant challenges head-on;
- Arjun Panesar (MEng Computing 2006), Aula Abbara (MBBS Medicine 2005, MD(Res) 2017), Ayesha Ofori (MSci Physics 2007), Dr Mohammedabbas Khaki (MBBS Medicine 2010), Dr Veronica Bray Durfey's (PhD Earth Science and Engineering 2009) and Dr Veeru Kasivisvanathan (MBBS Medicine 2009) were all recipients of the Emerging Alumni Leader Award, celebrating Imperial graduates under the age of 40 who are remarkable leaders in their field, demonstrating outstanding achievements or making a substantial impact on society.

**“I've got a great deal to thank Imperial for. Without its support, I wouldn't be here today”**

Harris Bokhari (Mathematics with Management 1999),  
Distinguished Alumni Award winner

Our alumni have also played a significant part in our response to the COVID-19 pandemic in their support for Imperial's COVID-19 Response Fund. The Fund was established to provide a means for donors to contribute to a pooled fund that will give the College the flexibility to quickly support high-impact projects in our efforts to tackle COVID-19.

By July 2020, the Fund had been backed by almost 900 of our alumni and friends, and had supported many projects to tackle the pandemic, including work to design and build emergency ventilators, develop a smartphone-based rapid test and support efforts in the creation of a vaccine.

## Partners

### *Strengthen collaborations across the globe*

Our international collaborations have never been more important, we remain a global university. This year, we have built on and expanded our partnerships with institutions and companies from around the world.

- In Europe we built on our flagship strategic partnership with the Technical University of Munich (TUM). We hosted a collaborative event with research startups at our White City Campus to explore ways to create innovative communities. We strengthened our links with the Centre national de la recherche scientifique (CNRS), France through various joint programmes. Our Theoretical Physics Group will act as the UK lead of the CNRS International Research Network in Quantum Fields and Strings.
- In Asia, we expanded our existing relationship with Nanyang Technological University (NTU), Singapore by jointly launching a seed fund for early stage research into data driven technologies. We have also expanded our research activities with the Lee Kong Chian School of Medicine in which we are partners with NTU. Our researchers are working with the University of Ulsan College of Medicine in Seoul, South Korea on a research project jointly funded by the UK and Korean governments to treat severe asthma.
- We have formed a major partnership with the African Institute for Mathematical Sciences (AIMS) to train the next generation of African scientists. AIMS is a pan-African network of Centres of Excellence for postgraduate training, research and public engagement in mathematical sciences.

*Work with industry to translate our innovative ideas into real-world benefits*

We continued to earn our place as the most innovative university in the UK according to Reuters, which also ranks Imperial in the top ten most innovative universities in the world. Our enterprise ecosystem continues to receive significant investment.

- Ceres Power, which develops fuel cells that can be used to generate low-carbon electricity and was established by the Dean of the Faculty of Engineering, Professor Nigel Brandon and colleagues from the Department of Materials, became the UK’s most valuable cleantech company, valued at over £600 million, following a £38 million investment by Bosch.
- BumbleBee Power, born out of research in our Wireless Power Lab, has raised over £5 million pounds to develop wireless scooter and drone-charging prototypes, as well as run trials for e-bike charging, opening up a route to market.

Imperial expertise is transforming the UK’s Track and Trace capability during the COVID-19 pandemic.

- Professor Chris Toumazou from the Department of Electrical and Electronic Engineering has developed a 90-minute COVID-19 diagnostic test with his startup, DnaNudge. The rapid lab-free accurate test was deployed in urgent patient care settings in May 2020. In August 2020, the UK government placed an order for 5.8 million test kits for use in NHS hospitals from September 2020.

*Inform decision makers to influence policy*

Throughout continued Brexit political uncertainty, we have maintained a strong voice in important debates and discussions taking place in the UK and in the EU. Our advocacy has focused on mitigating the impacts of Brexit on our community, as well as influencing the future research and higher education landscape.

- We successfully made the case for immigration policy that supports science, research and education. We worked with our research and industry partners, briefed government officials and hosted a visit from the Home Secretary to secure new Global Talent and post-study work visas. We continue to be a strong voice for association to Horizon Europe in Westminster and Brussels, and published a new set of European Research Council case studies to demonstrate the value of our European colleagues and collaborations.
- Universities Minister Michelle Donelan MP, visited Imperial in September to see how we’re delivering COVID-safe teaching and research whilst protecting students and staff on campus. The Minister experienced multi-mode teaching live during a lecture with students attending

both in person and remotely. We discussed the challenges which universities like Imperial faced due to COVID-19 as well as the importance of international research collaboration in tackling global challenges and the UK’s future success as a world leader in science.

- The Forum is our policy engagement programme where our researchers build relationships with policymakers and share the latest research to support evidence-based policy development. We held workshops with our researchers and representatives from government, think tanks, charities in industry on topics including air quality, city fires, plastics and flood and water management. We held our first ‘policy hack-a-thon’ with policymakers and NHSX on how to bring more data-driven innovation into healthcare.

Imperial research has also informed policy on the response of national and local governments around the world to the COVID-19 pandemic.

- Imperial’s COVID-19 Response team has advised the New York State as it looked to ease restrictions enforced during the pandemic. The Imperial team, from the WHO Collaborating Centre for Infectious Disease Modelling within the MRC Centre for Global Infectious Disease Analysis, J-IDEA and the Department of Mathematics, modelled the reproduction rate of the virus within the State and integrated data on testing and hospitalisations to build a framework for decision-making.
- Dr David Nabarro, Co-Director of the Institute for Global Health Innovation at Imperial and a WHO special envoy for coronavirus has provided strategic advice and high-level political advocacy, working closely with WHO Regional Directors and country offices to coordinate the global response to COVID-19.

**“The Imperial College model, as we’ve been following this for weeks, was the best, most accurate model”**

Andrew Cuomo Governor of New York State

*Share the wonder and importance of what we do*

The College involves and engages schools, local community groups and residents, patients and the public more widely, through discussions and dialogue, festivals and data collection. Efforts to widen participation in education programmes helps attract the most capable students and creates a more diverse community that represents society. It means being an anchor within local areas, providing the support that people need to improve their own skills and to engage with a scientific world.

- In July 2020, Imperial announced a new online course for A-level Further Mathematics students, focused on raising attainment in advanced mathematics among young people from underrepresented backgrounds. The programme, Imperial Further Maths, is supported and funded through a long-term partnership with The Hg Foundation and will include intensive online support.

**“Smart, scalable interventions like this one – generously funded by The Hg Foundation – will help set students up to succeed”**

Professor Maggie Dallman, Vice-President (International) and Associate Provost (Academic Partnerships)

During the COVID-19 pandemic, many of our regular events and activities were put on hold. However, we worked quickly to develop and implement resources that members of our local communities and the public could access remotely.

- We offered free online material based on the UK school curriculum to support parents and teachers during the pandemic. The resources provide teachers and parents with a range of materials to use for lessons for children aged between 5 and 11 years old.
- Professor Sarah Rankin from the National Heart and Lung Institute developed the COVID-19 Lockdown Lessons series to provide content for teachers and support young people transitioning to remote learning during the pandemic.
- Professor Helen Ward and Dr Katharina Hauck from the School of Public Health and J-IDEA at Imperial are part of the team of researchers who developed a free online learning course, ‘Science Matters: Let’s Talk about COVID-19’ on the Coursera platform. The course was launched in February 2020 and by March had reached over 68,000 learners from around the world.

**Enablers**

*Strengthen and diversify our revenues*

The pandemic has brought into sharp focus the reason why revenue diversification is such an important part of our strategy to achieve financial sustainability. Fees from international students support our research base to a significant extent at present. We need to ensure we are not too exposed to any one particular geographic area and that we identify new sources of unfettered long-term income.

- Philanthropic support for the College’s academic mission has been growing in recent years. It was heartening to see the swift response to appeals for funds to support our COVID-related research. While significant leadership gifts did not materialise and the overall level of support was lower than the previous year, the College saw a sizable increase in the base of donors making gifts of less than £10 million.

- We continue to build businesses that take advantage of our expertise, brand and London location. ScaleSpace, the joint venture between Imperial and Blenheim Chalcot based at our campus in White City, welcomed its first tenants in July 2020. ScaleSpace provides dedicated support to technology companies that are moving from startup to scale up.

*Provide professional support, consistent processes and appropriate technology for all of our staff and students*

- The investments we have been making in refreshing the way we deliver our core curricula put us in a great place to move quickly to support a multi-mode approach to teaching and learning in response to the restrictions required related to the pandemic. This effort has been supported by the ICT department, which is operating with a product-based approach following the recent restructure. As the department is set up to support improved engagement with customers and enable greater end to end accountability, they have been well equipped to assist the majority of our support staff in their move to remote working. Additionally, the Digital Learning Hub and Faculty based educational teams continue to grow and support academics and departments with learning design, media production, learning analytics and innovation in teaching and learning advice.

*Act courageously and innovatively when pursuing new opportunities*

We continue to invest our own funds into new and exciting ideas.

- In July 2020, we announced the launch of the Imperial College London Mathematics School, a specialist school, run in partnership with Woodhouse College, for sixth form students doing maths and further maths, alongside a range of other subjects. The school will focus on attracting more underrepresented students.
- The President’s Excellence Fund for Frontier Research supports ground-breaking science that has the potential to make significant global impact. In March 2020, the College awarded funding to three projects, one of which explores ways to grow plants without soil to support more sustainable farming.



# MANAGING RISKS

The Office for Students, our regulator, defines risk as **“the threat or possibility that an action or event will adversely or beneficially affect an organisation’s ability to achieve its objectives.”**

Our College risks are developed as risks to the delivery of our strategy and our risk management framework supports identification of risks across the College, promoting the use of risk as a decision-support tool for Imperial. In developing our College risk profile, we consider both top-down and bottom-up threats and opportunities alongside external factors and influences. We frequently discuss and review our significant risks throughout the academic year through our governance framework with oversight and assurance from our Internal Auditors. Our external auditors form part of our overall assurance framework, providing assurance over financial reporting.

The Higher Education (HE) sector has navigated significant uncertainty for some time and while last year’s priority themes of Brexit, Pensions and Climate Change remain important, COVID-19 has created unprecedented challenge and opportunity adding a new dimension to all risks.

Our current significant College Risks are summarised, including reflection on the context of COVID-19:

## Enablers

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>FINANCIAL SUSTAINABILITY</b> We are unable to generate sufficient funds, both short-term and long-term, to maintain our position as a world class academic institution. This includes both generating sufficient income to fund attractive salaries and sufficient unfettered cash flow to support our capital expenditure programme.</p> <p>The COVID-19 pandemic has increased this risk in the short-term through students deciding to defer their studies and in the long-term through potentially accelerating a move to new educational models.</p>	<p>Work had already started prior to the crisis to improve the operating cashflow of the university through both reducing costs and increasing revenue. This work is overseen by the Finance Task Force (a sub-committee of the Finance Committee) and is on track to date despite the impact of COVID-19.</p> <p>We are also now starting conversations as part of our overall strategy on how the nature of higher education may be affected by the crisis and how we take advantage of this opportunity.</p>
<p><b>INCOME DIVERSIFICATION</b> We remain over-reliant on the fees generated by international students and postgraduate courses to fund the short falls in our research funding and our capital programme.</p> <p>The COVID-19 pandemic has increased this risk through reducing our ability to travel in support of our fundraising activities; the cash generated by our property assets; the returns from our Endowment.</p>	<p>This remains a key risk for the university. We are still not resilient enough to deal with a major drop in demand from foreign students. In part we are hampered by our success in delivering our mission as the continued growth of the core university increases the amount of diversified revenues we need to generate.</p> <p>The Advancement division is focused on increasing philanthropy through its systematic approach to building relationships with alumni and other potential donors. The Related Ventures portfolio continues to market our commercial real estate, against adverse market conditions, and the Enterprise division our Intellectual Property.</p>

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>INFRASTRUCTURE AND CAPITAL PLAN</b> We fail to invest sufficiently in our infrastructure resulting in an inability to meet staff and student expectations and potentially in safety incidents or near misses.</p>	<p>We maintain a significant investment in infrastructure and our estate, at a level commensurate with the institutional needs and our academic mission priorities. We have developed a plan for increasing the operating cash needed to support this investment, including increasing teaching and cost recovery on research, as well as reducing operating costs.</p> <p>There may be opportunities in the longer term as we learn from our current mode where our campuses are operating at circa 25% occupancy.</p>
<p><b>PROFESSIONAL AND ACADEMIC SERVICES TRANSFORMATION</b> We are unable to deliver the planned improvements in the effectiveness and efficiency of the College operating model.</p> <p>The COVID-19 pandemic has reduced the amount of management time available to focus on this.</p>	<p>A full review of our Support Services Operating Model is nearing completion and builds on lessons learnt from previous change programmes. The end date of the review and pilot phase has been delayed from November 2020 to February 2021 to allow for the loss of management time during the pandemic.</p>
<p><b>BUSINESS INTERRUPTION</b> A serious incident or event could cause physical and/or reputational damage to the College in addition to severely impacting continuity of our critical operations.</p>	<p>This area has been tested extensively during the recent crisis with our Gold and Silver crisis management structures being in place in the last six months. In general, these structures have worked effectively with the College being seen to have navigated the crisis well. We have also learnt lessons on how to maintain consensus and buy-in whilst making rapid decisions which are being factored into ongoing governance.</p>
<p><b>CYBER</b> The College experiences low to medium level cyberattacks or a high impact targeted cyberattack resulting in extensive disruption to our teaching, research and support services and reputational damage to the College.</p>	<p>The recent restructure of ICT has increased the emphasis on and resource invested in cybersecurity. We have a number of technical measures and resilience in place to mitigate cyberattacks however human behaviour remains a key risk and the need for information security awareness training needs reinforcing.</p> <p>Our COVID-19 research has significant external interest and extra measures are in place to protect the security of this work.</p>

**Foundations**

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>STUDENT EXPERIENCE, EDUCATION AND WELLBEING</b> Our failure to innovate and improve the quality of our education and support student experience and wellbeing threatens both our ability to support and recruit the best students, and our reputation for excellence, impacting our competitive position and ability to meet our regulatory requirements.</p> <p>The COVID-19 crisis has intensified this risk by leaving students working remotely far more than previously with impact on their wellbeing and their educational experience.</p>	<p>Our Learning and Teaching Strategy supports the introduction of evidence-based innovation in education so that we continue to offer all our students a world leading, rigorous, evidence-based and inclusive education. Cross College collaboration has resulted in the development of remote teaching methods at scale with the assumption that a high proportion of teaching could be remote until January 2021 and possibly beyond. We will leverage the momentum from COVID-19 changes to develop enhanced and new educational offerings.</p>
<p><b>STUDENT RECRUITMENT</b> We fail to balance the mix of international students leaving us over-exposed to sudden drop in recruitment if there are visa or similar issues with a particular country and promotes a bicultural rather than multicultural experience for our students.</p> <p>This was a particular concern in the last year when it was unclear whether international students would be willing to travel to the UK.</p>	<p>We established an Immediate Marketing Group this year to engage students holding offers to reassure them about the provisions we were making in response to the COVID-19 situation. Demand continues to hold up well.</p> <p>We continue to develop strategies to improve student recruitment with supporting outreach capabilities and are developing scholarships, marketing strategies and our customer relationship management capability to support improved student engagement and a robust student journey.</p>
<p><b>WIDENING PARTICIPATION</b> We do not meet the targets in the Access and Participation Plan agreed with the Office for Students putting us in breach of one of our ongoing conditions of registration.</p>	<p>Our five-year programme, agreed with the Office for Students, for Access and Participation aims to widen participation through a new series of outreach activities, and more targeted deployment of existing initiatives, for students from disadvantaged groups. Progress against this is monitored by a specific working group within the College which reports to the President’s and Provost’s Boards.</p>
<p><b>RESEARCH</b> Failure to deliver high quality research and impact from the research outcomes.</p> <p>COVID-19 has introduced both risk and opportunity to research, reducing the cash available to some of our funders but also opening up new areas of interest.</p>	<p>Our key risk mitigations are to ensure we are competitive in hiring excellent academic staff and that we support a vibrant environment to facilitate creative research. Investment in physical infrastructure conducive to discovery and impact, including state-of-the-art laboratories, as well as support for research staff, PhD students and innovation, are key factors. We dedicate resource to building our entrepreneurial ecosystem and relationships with government and corporate partners.</p>
<p><b>BREXIT</b> The UK’s departure from the EU impacts our partnerships with European researchers, our ability to attract European students and our access to competitive EC funding.</p>	<p>We continue to advocate for the UK to remain in a research union with Europe and in building bilateral collaborations in Europe and global partnerships and to engage with the UK government in support of higher education. We have an active Brexit working group to navigate this for the College, developing robust contingency plans such as a Scholarship Strategy to support overseas students.</p>

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>LEGAL, REGULATORY AND COMPLIANCE</b> We do not follow College policies and procedures, or develop College policies and processes adequately, leading to a failure to comply with legal and regulatory requirements.</p> <p>COVID-19 has forced wide scale policy review in many organisations and also within our Regulators.</p>	<p>We are closely monitoring changes in guidance from our key regulators and risks relating to regulatory censure. We are actively managing the Data Protection risks associated with increased remote working and COVID-19 Test and Trace activities across our community. Internal Audits and specialised audits support compliance throughout the year. Health and Safety risk prevalence due to COVID-19 is a priority and supporting compliance with new safety protocols is essential to protect staff and students.</p>

**People**

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>STAFF RECRUITMENT AND RETENTION</b> We are unable to attract and retain staff.</p>	<p>The College’s reputation, environment and working conditions, including total remuneration, are critical to attracting high-calibre staff. We are continuing to respond to staff needs in terms of working conditions and remuneration, including pension provision, and to monitor recruitment and retention.</p>
<p><b>STAFF AND STUDENT SAFETY AND WELLBEING</b> Failure to protect the safety and wellbeing of our staff and students through and beyond the current pandemic.</p>	<p>The increased stresses of a changed environment due to COVID-19 demands new measures to support staff and students. These include increased mental health provision, counselling and pulse surveys. Clear safety protocols, underpinned by a Code of Conduct, have been introduced and include widespread testing, tracing and containment.</p>

**Partnerships**

COLLEGE RISK	RISK MANAGEMENT APPROACH
<p><b>NHS PARTNERSHIPS</b> Failure to maintain a strong relationship with the College’s NHS Partner Trusts.</p> <p>The impact of COVID-19 on NHS budgets may lead to reduced focus on our joint clinical academic programmes. New COVID-19 and non-COVID service arrangements will affect provision of medical placements and the restart of non-COVID research projects.</p>	<p>We put considerable effort into building and maintaining productive relationships with the NHS in London, especially the West London Trusts, through the Academic Health Science Centre and through bi- and multi-lateral meetings with key NHS and government officials. These relationships impact our clinical research, as well as our education of doctors.</p>

# OUR REMUNERATION POLICIES AND PRACTICES

Our pay and benefits package is a critical factor in our ability to attract and retain an outstanding and diverse staff community. We are committed to offering all staff a pay and benefits package that is equitable, fair and appropriately reflects our standing as a world leading university.

## Rates of pay

We regularly benchmark rates of pay against external comparators. We aim to pay mid to upper quartile rates of pay against these comparators wherever possible within financial constraints. On an annual basis, the College shares pay and benefit information with staff and asks for their input on focal areas for the College in relation to remuneration. A working group led by the Dean of the Faculty of Engineering was formed following feedback discussions, to review academic international pay and employment terms. The outcome of the review will be considered by Provost's Board to determine any changes required to our current approach.

## Annual pay review

Our annual pay review for all staff on local pay bargaining terms and conditions is jointly negotiated with the Joint Trade Unions (the University and College Union (UCU), Unite and UNISON). The review considers all elements of reward that impact on staff costs. The College sets the award, taking into account affordability as the principal requirement, assessed against staff demands based on inflationary pressures, feedback from the annual pay and benefit consultation exercise and a review of recruitment and retention information.

On 1 September 2019, we implemented a pay increase of £1,080 across all salary scales subject to the award. The increase was backdated to 1 August 2019 and resulted in a 5% increase for the staff on the lowest pay grades earning £20,000-£21,000 per year, a 4.9% to 2% increase for salaries up to £55,000 and a 1.54% increase for salaries at £70,000. This pay offer was not accepted by the recognised Joint Trade Unions, but was informally indicated as the preference of two out of the three unions. The contractor minimum rate for those employed primarily on College activities was set at £11.16 per hour, which was 5.6% above the London Living Wage at that time.

The COVID-19 pandemic has led to uncertainty over both student numbers and research funding for the 2020–21 academic year, and their financial impacts. In March 2020, in consultation with the Joint Trade Unions, we decided to postpone local pay negotiations until October. At this point, we will have a clearer view of student numbers and research funding. Any agreed pay increases will be backdated to 1 August 2020.

In recognition of the impact of the COVID-19 pandemic, the President and Provost took a voluntary 20% reduction in their pay for six months from 1 May 2020. The other members of the President's Board volunteered for a 10% pay reduction over the same period. The monies saved were allocated to provide one-off payments to staff and students experiencing extreme financial hardship due to the COVID-19 pandemic.

## Remuneration Committee

The Committee meets at least twice a year to review and approve the remuneration of the President and the Provost, their senior staff direct reports and members of the Provost's and President's Boards. Outside of formal meetings, the Committee reviews and agrees salaries for senior roles. It also reviews the College's overall reward strategy to ensure that its remuneration practices are being managed in a fair and equitable way.

The Committee is chaired by the Chair of the Council, except for matters relating to the President's salary, which are chaired by the Deputy Chair of the Council. The Committee comprises external members of the Council. The Provost and President are invited to participate in discussions on specified agenda items, including recommendations relating to the salary reviews of their direct reports, but they are not members of the Committee and are not present for discussion of their own salary. The terms of reference of the Committee can be found in the governance section of this report.

The Committee met in November 2019 to receive information on the College's remuneration strategy and pay and pension benefits, and to review and approve the salary and emoluments for the President and the staff members of Council. The Committee also reviewed the salary information for the members of Council reporting to the Provost and President.

Staff members of Council received the 2019 pay award, as it applied to all staff. The Committee also undertook a senior staff pay review using the following sources: the College-published Pay Relativity criteria and benchmark data from the Universities and Colleges Employers Association (UCEA), Senior Staff Remuneration Survey and the Russell Group Salary Surveys for Non-Academic Management, Professors and Readers. The review was to consider whether any additional adjustments to pay were appropriate. There was one recommendation for a further adjustment to pay for a staff member of Council based on the exceptional contribution of the individual and the external market benchmark.

The Remuneration Committee's review of the President's salary considered: comparable data on pay and benefits from UK higher education institutions; the World University rankings; the President's remuneration as a multiple of the median pay for all other employees; the President's progress in meeting her performance objectives; and the Committee of University Chairs Survey benchmark. The President declined any increase in pay. The Committee considered it important that the President's pay maintained alignment with benchmark salaries and agreed to implement an increase to the President's pay in line with the final pay award made to all College staff. Further details of the President's remuneration are included in Note 8 to the Financial Statements.

At the July 2020 meeting, attendance was extended to the Deans of Faculties and the Business School to review and discuss their plans, objectives, targets, and activities to address the College gender and ethnicity pay gaps.

## Income derived from external activities

During the year, the College Retention of Income from External Interests policy, agreed on 1 August 2018, was reviewed by the Remuneration Committee. This will be reviewed annually, or as external regulations require. The policy encourages the closest possible liaison between staff and industry, professional bodies, commerce, charities and government departments, including via personal directorships, partnerships, consultancies (including private clinical practice), trusteeships, trade engagements, membership of official committees and intellectual property licensing and involvement in spinout companies.

The policy allows staff, subject to prior approval, to be engaged in general paid and unpaid activities. Members of the College must request approval for external activity. They must disclose the number of days that will be committed to the activity, and senior officers of the College must also disclose any personal remuneration that will be received from the activity. In reviewing requests, the College considers whether the activity could compromise the full performance of the College member's duties and how the activity could serve the interest of the College and the College member.

The College recognises that staff engaging in external activities such as directorships is integral to the delivery of its mission, enhances collaboration with partners and creates opportunities to influence and inform policy. In keeping with the College policy on external activities, the President was granted permission to serve on the Board of Trustees for KAUST University, the Singapore Academic Research Council and the Board of Directors of Chevron Corporation, as agreed upon in her acceptance of the offer to serve as Imperial College London President. She resigned from the KAUST board in December 2019. In 2017, the President was selected to join the newly-created UK Research and Innovation (UKRI) Board and has served on this board for two years. These memberships benefit the College by fostering international collaboration, enhancing its global reputation and strengthening ties with industry.

The President's annual compensation from Chevron, which is deferred until retirement from the board, was \$375,000 in the year ended 31 December 2019, comprising \$225,000 in shares of Chevron stock and \$150,000 cash. She donates the entirety of her remuneration from UKRI (£9,180 per year plus £459 per day for additional service) to the College. She receives \$10,000 a year for her work with the Singapore Academic Research Council to cover incidental expenses. Her position with KAUST was not remunerated.

### The gender pay gap

Our annual publication shows an 8.0% gap between the median hourly pay of men and women at Imperial. While the gender pay gap between 2017 and 2018 had started to close (from 9.4% to 7.6%), the trend has not continued.

The main factor driving our gender pay gap is that we have more men than women in our senior roles. Our lower three quartiles have nearly a 50–50 split between men and women, but the top quartile is 68.2% men and 31.8% women. The gender pay gap is not the same as equal pay; we pay men and women the same for work of equal value.

Our median gender pay gap is lower than the 2019 national average for all employers, the higher education sector average and the average for other research-intensive universities in the Russell Group. We are committed to removing the imbalance and have extensive initiatives in place to address it. Regular reviews will help us understand which actions have the biggest impact in reducing the gap.

### Pensions

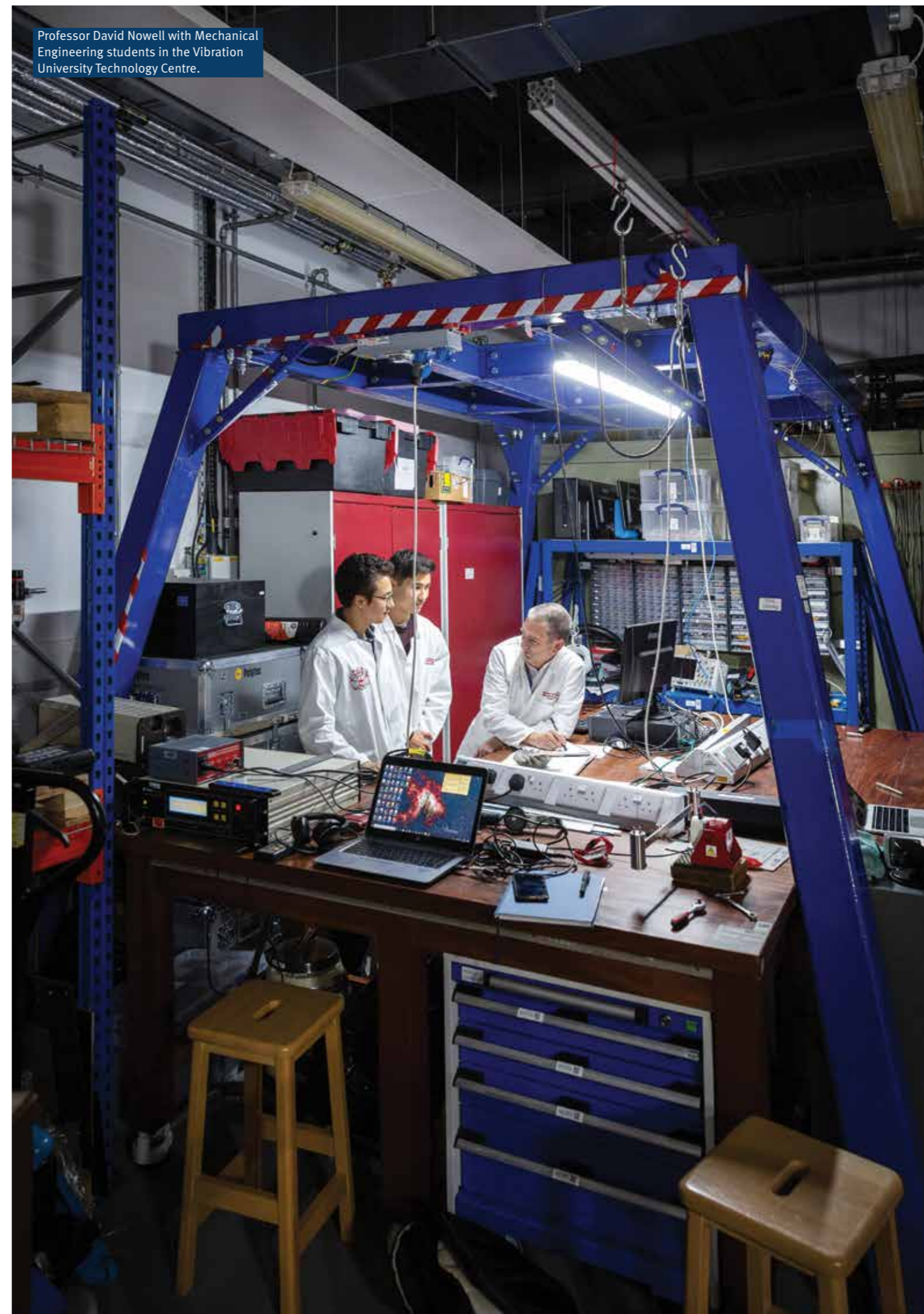
We offer three pension schemes to staff and casual workers: the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the NHS Pension Scheme. Each scheme has different eligibility criteria, which are related to job roles and pay grades.

USS is a national scheme for universities, research and educational bodies, and it is open at Imperial to all staff in academic or comparable posts. It is a hybrid scheme, partly defined benefit and partly defined contribution. Members currently earn a defined benefit pension on salary up to £59,585.72 per annum, and contributions on salary above this level are invested into the defined contribution section. Members currently pay 9.6% of salary and the College pays 21.1% of pensionable pay into the scheme each year for each member. A further valuation is currently underway and is due for completion by 30 June 2021.

SAUL is open to colleges and other institutions with links to the University of London. It is a defined benefit career average revalued earnings scheme whereby a member's pension is based on their pensionable pay right across their career. The College currently contributes 16% of pensionable pay into the scheme year for each member. The scheme is valued every three years. The last valuation carried out was as at 31 March 2017, which showed a small surplus. The 2020 valuation is underway and due to be completed by 30 June 2021.

Staff who have pension rights in the NHS Pension Scheme on taking up a post within the College may remain members of the scheme. The scheme rules preclude the College from offering the scheme to anyone who would be joining the scheme as a new member. It is a nationally administered scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. It is a defined benefit scheme into which the College currently contributes 14.38% of pensionable pay each year; the rate was due to increase from 1 April 2019 by 6.3%. However, the College, in common with most other medical schools, will only be required to pay an additional 1.8% of pensionable pay for the period to 31 March 2021.

Professor David Nowell with Mechanical Engineering students in the Vibration University Technology Centre.



Students studying Surgical Innovation, Technology and Design explore how virtual reality could enhance surgical education.

## FINANCIAL REVIEW

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# FINANCE FOREWORD



**MR MUIR SANDERSON**  
CHIEF FINANCIAL OFFICER

This financial year has been all about responsiveness and resilience. We left 2019 excited about our continued growth and the opportunities in our new academic strategy. In January 2020 our world leading epidemiologists were starting to analyse the spread of a new virus; by March 2020 we had just a few weeks to move the whole university online as we closed all our campuses except for our COVID-19 research. It is a testament to everyone at Imperial how quickly and effectively this transition was managed.

It is also during this year that our financial strength, with our large cash reserves, and access to ample credit, allowed us to act calmly and thoughtfully. The pandemic also came as we were approaching the end of a major phase of capital expenditure that stretched over many years; work on most large projects was already completed, with the final ones completing soon after restrictions eased. Thus, we have not had to halt work on projects because of financial concerns and there has been no significant financial impact from delaying commitments to new projects.

This resilience and responsiveness is apparent in our total net comprehensive income for the year, which was at the top end of our range of forecasts we developed back in March as we considered the possible impact of the pandemic. This result was boosted by a large movement in the pension provision and a gain on the sale of a long-held asset that had been recorded at depreciated cost. If not for the movement in pension provision, this year we would have recognised our first operating deficit in the last five years.

Management focuses more on net cash generation as a guide to our financial performance in a year and again here the out-turn exceeded our most probable expectation back in March. Although there was an inevitable dip in cash receipts from accommodation and use of our facilities for events or by external parties, our core areas of tuition fee income and research funding were not adversely impacted. Tuition fees are mainly collected in the early part of the academic year and research funders continued to advance cash even though we could not always proceed at the rate originally planned. A lot of the apparent increase in cash generated is timing-related, with working capital increasing by around £37 million.

Although the financial performance last year was strong given the circumstances, this is no time for complacency. A significant proportion of the other operating expenses reduction in 2019–20 represented deferral of spend, not efficiency saving. We have needed to invest ahead of the start of the new academic year to ensure we are ready to deliver multi-mode teaching and are able to welcome back students and staff to campus in a safe way. Our scenario planning over the last six months has reminded us of the scale of the exposure we have to international students in our funding model and that we have yet to find a sustainable long-term solution to funding our research activity that does not rely on their contribution; we continue to engage with government on this point. Finding a sustainable long-term solution to USS pensions is another challenge that will come back this year and next year we face the further uncertainty caused by Brexit. It seems inevitable that 2020–21 will present many operational challenges too as we respond to the developments in the ongoing situation with respect to COVID-19.

There are definitely opportunities as well as risks on the horizon, and our new academic strategy sees us well placed to embrace these. It is important that we continue to retain the financial flexibility to respond when the time is right.

**Mr Muir Sanderson**  
Chief Financial Officer

# FIVE-YEAR CONSOLIDATED SUMMARY OF KEY STATISTICS

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
<b>Income and expenditure</b>					
Tuition fees and education contracts	338	313	296	265	244
Funding Council grants	154	157	150	143	154
Research grants and contracts	348	368	364	361	351
Other income	152	152	151	152	177
Investment income	6	7	8	8	9
Donations and endowments	28	76	64	62	33
<b>Total income</b>	<b>1,026</b>	<b>1,073</b>	<b>1,033</b>	<b>991</b>	<b>968</b>
Staff costs	567	537	502	483	462
Pension provisions	(72)	117	(4)	(2)	24
Other operating expenses	364	376	358	344	331
Depreciation	80	79	68	65	69
Interest and other finance costs	22	20	20	19	15
<b>Total expenditure</b>	<b>961</b>	<b>1,129</b>	<b>944</b>	<b>909</b>	<b>901</b>
<b>Surplus/(deficit) before other gains and share of results of JVs and associates</b>	<b>65</b>	<b>(56)</b>	<b>89</b>	<b>82</b>	<b>67</b>
Gain/(loss) on investments and disposals of non-current assets	60	19	(6)	26	17
Gain on disposal of interest in associates	-	-	16	5	4
Share of results in joint ventures and associates	(2)	(2)	(19)	6	(10)
<b>Surplus/(deficit) for the year</b>	<b>123</b>	<b>(39)</b>	<b>80</b>	<b>119</b>	<b>78</b>
<b>Balance sheet</b>					
Non-current assets/endowment assets	2,332	2,258	2,188	2,078	1,840
Net current assets/(liabilities)	14	49	54	105	(28)
Long term creditors and provisions	(649)	(732)	(629)	(649)	(397)
<b>Net assets</b>	<b>1,697</b>	<b>1,575</b>	<b>1,613</b>	<b>1,534</b>	<b>1,415</b>
<b>Capital expenditure</b>					
Externally funded	34	34	52	50	29
Internally funded	105	145	135	160	157
<b>Total in-year fixed asset additions</b>	<b>139</b>	<b>179</b>	<b>187</b>	<b>210</b>	<b>186</b>
<b>Liquidity</b>					
Cash, cash equivalents and current asset investments	318	293	311	345	193
Loans	(447)	(456)	(465)	(471)	(207)
Finance leases	(88)	(89)	(90)	(90)	(91)
<b>Net funds</b>	<b>(217)</b>	<b>(252)</b>	<b>(244)</b>	<b>(216)</b>	<b>(105)</b>
<b>Cash flow from operating activities</b>	<b>90</b>	<b>78</b>	<b>112</b>	<b>111</b>	<b>96</b>
<b>Student numbers (headcount)</b>					
Full-time students – undergraduates (UG)	10,457	10,054	9,767	9,583	9,320
Full-time students – postgraduates (PG)	7,807	7,514	7,287	6,709	6,414
Part-time students (PG only)	1,670	1,603	1,361	1,274	1,148
<b>Total</b>	<b>19,934</b>	<b>19,171</b>	<b>18,415</b>	<b>17,566</b>	<b>16,882</b>
Number of full-time equivalent staff	7,977	7,868	7,608	7,600	7,626
Staff costs as a percentage of expenditure including pension provision	52%	58%	53%	53%	54%
Staff costs as a percentage of expenditure excluding pension provision	55%	53%	53%	53%	53%

# FINANCIAL REVIEW

## Income

The College recognised a total income of £1,026.4 million in 2019–20. This is down 4.4% on last year, primarily because of a drop in donations and endowments following the outbreak of COVID-19.

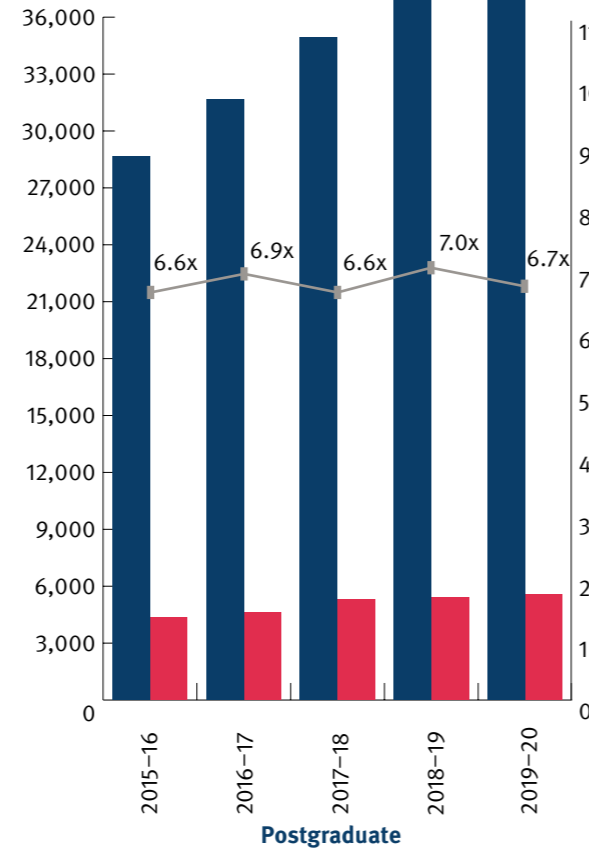
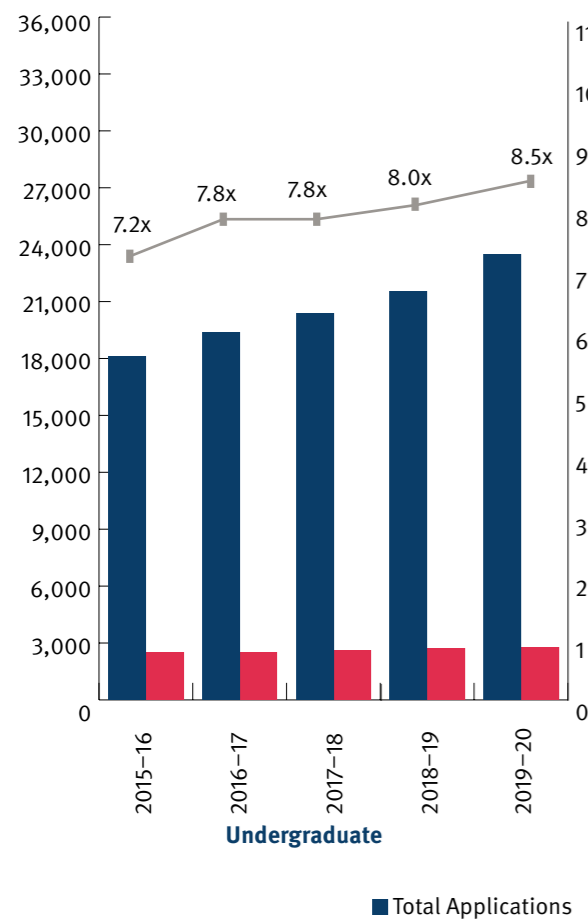
### Income from education

Tuition fees and education contracts income saw an 7.8% increase compared to 2018–19, finishing the year at £337.7 million. These now constitute one third of our total income compared to a quarter in 2015–16. This is a higher proportion than was expected as research grants and contracts and other income (including donations and endowments) were £20.3 million and £47.9 million lower than the prior year respectively. We remain mindful of the exposure in placing so much reliance on the income generated from tuition fees and are committed to delivering on our income diversification when the operating context is more favourable.

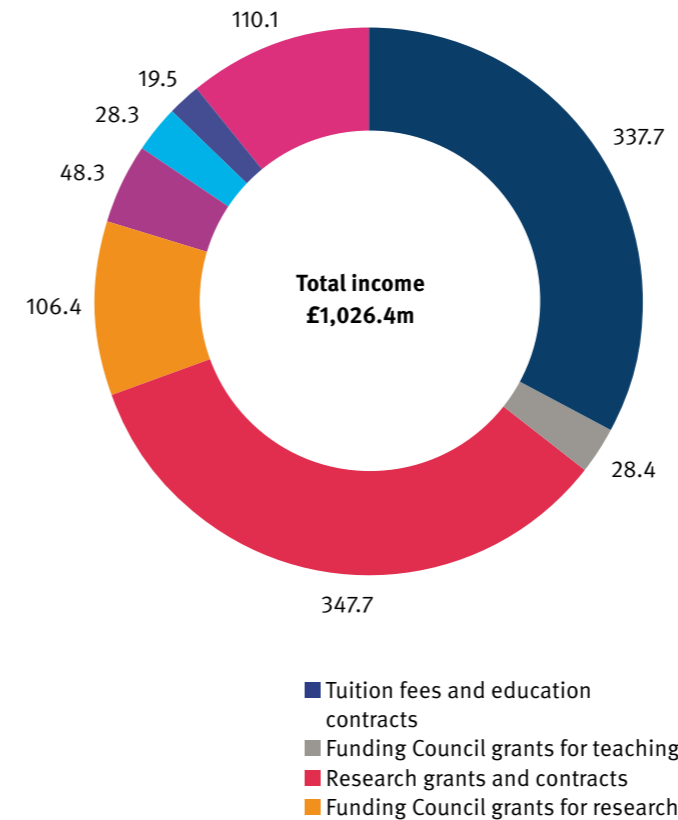
In 2019–20 postgraduate enrolments increased by 2.8%. The growth rate in postgraduate numbers has been double that of undergraduates over the last five years (5.5% annualised vs. 2.9% annualised). In 2019–20, this has levelled off, with both student types growing at around 4% compared to the prior year. Early 2020–21 figures suggest that this is not a trend and postgraduate student growth has picked up again.

The increase in student numbers is mostly concentrated amongst overseas students, whose numbers have been growing over the last five years at over twice the rate of both home and EU students (6.9% annualised vs. 2.7% annualised). They now represent 38.2% of our total student population and 67.1% of our tuition fee income. This is a conscious strategy, as we look to attract the world's best students whilst covering the shortfall in the funding we receive to conduct our research and teach UK undergraduates. Although over 120 countries are represented by our overseas population, those from China constitute 44.5% of overseas students and 17.0% of the overall student number.

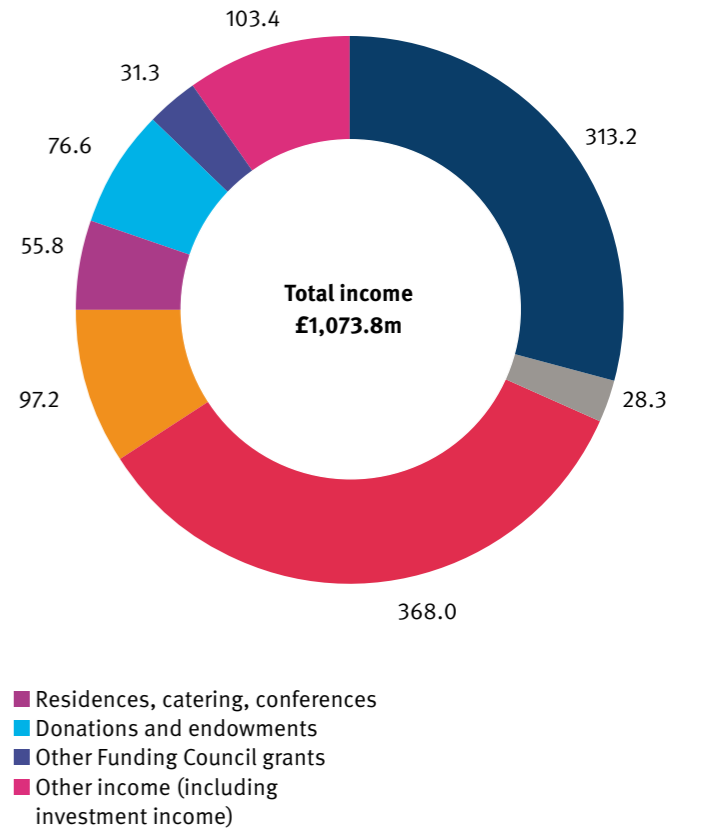
## Ratio of applications to enrolled student numbers



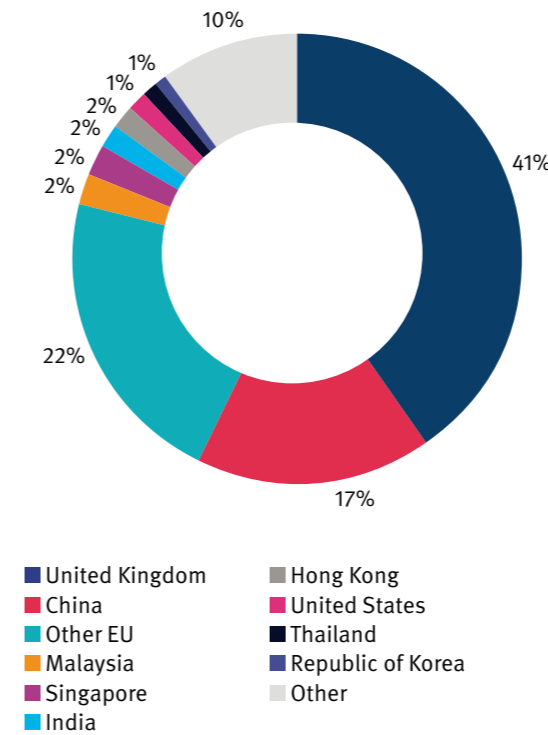
2019–20 Income by source (£ million)



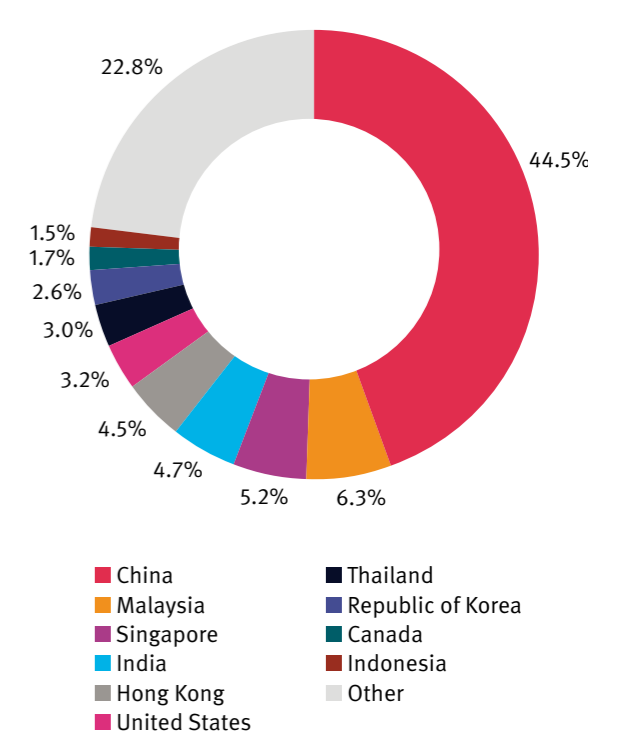
2018–19 Income by source (£ million)



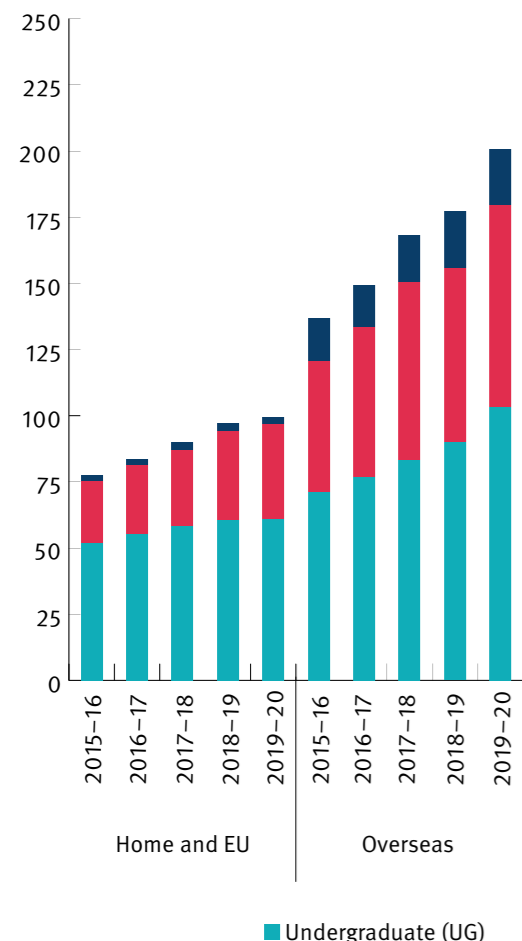
Student headcount by nationality 2019-20



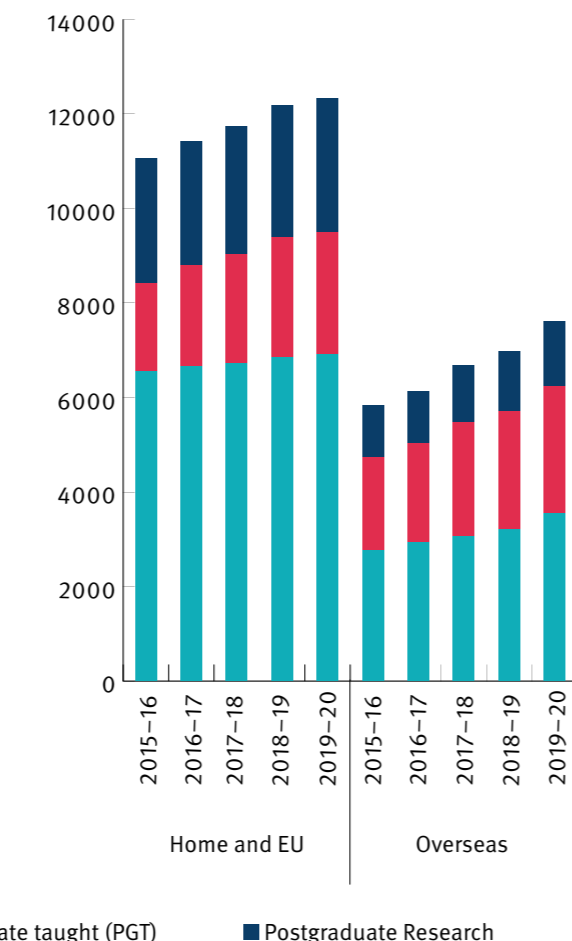
Overseas student headcount by non-EU nationality 2019-20



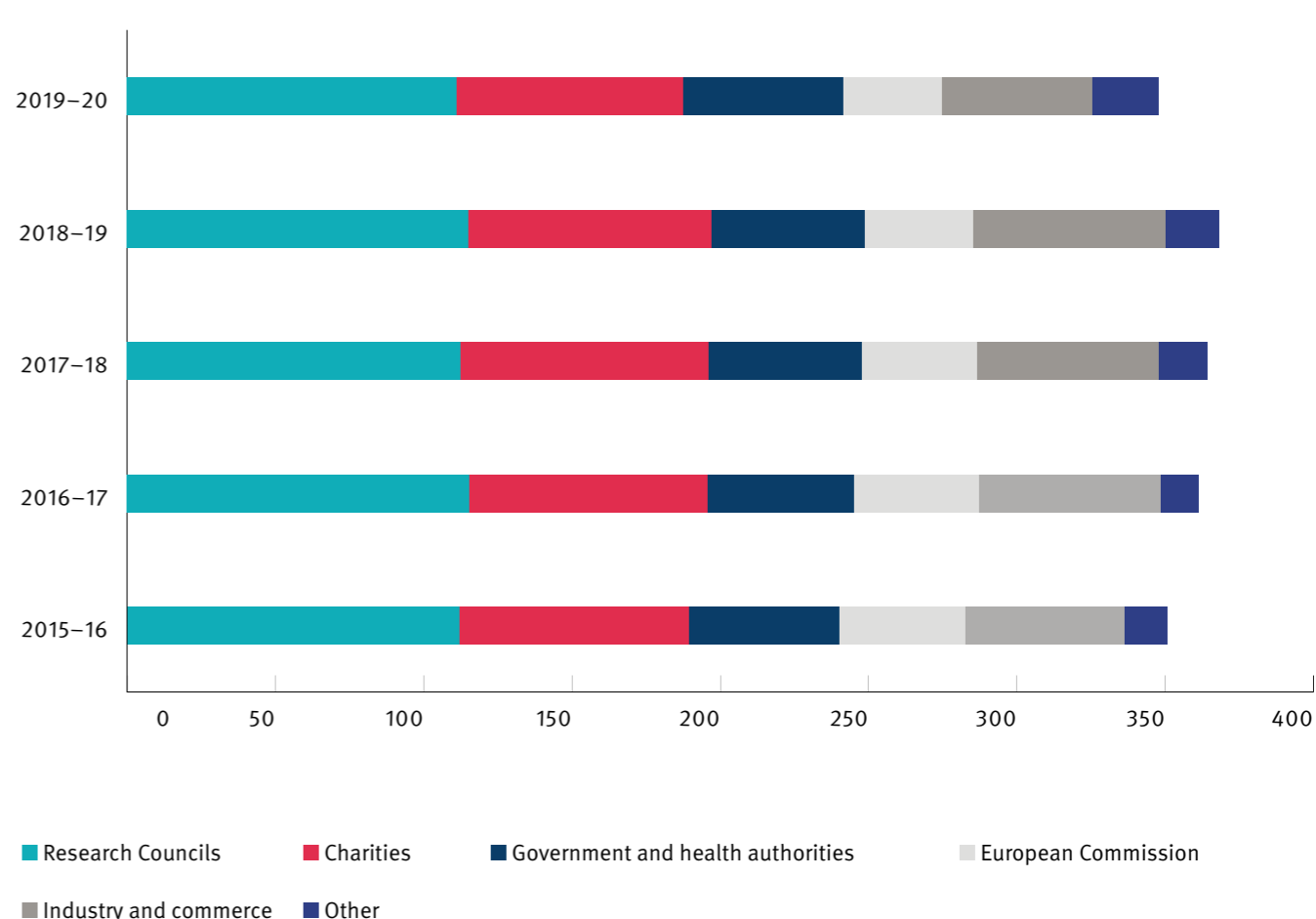
Growth in tuition fee income (£ million)



Growth in student headcount



Sources of research grant income (£ million)



**Income from Funding Council grants**

Grants from our Funding Councils (Office for Students and UK Research and Innovation) were £154.3 million in 2019–20, slightly down on the prior year. A larger reduction had been anticipated as the previous year included a one-off £10.8 million capital grant towards the Sir Michael Uren Hub. This planned reduction was offset by a £9.2 million increase in our Research Grant mainly due to the unexpected increase of the budget envelope of UKRI and £5.8 million of accelerated funding as a result of the COVID-19 pandemic.

The research grant and contract income booked in 2019–20 was £347.7 million, down 5.5% compared to the prior year. This includes capital and in-kind funding, which can be volatile; stripping this out gives an underlying decline of 3.3%. A fall in the rate of expenditure for non-staff costs has driven this decline. During the final third of the year, staff costs remained steady as research continued while there was a College-wide transition to remote working.

**Income from research**

The College had an outstanding year in terms of winning new research awards, with the £426

million secured being £80 million higher than the prior year and £5 million higher than the previous record year in 2017–18. Charity-funded research increased to £109 million compared to an average of £92 million over the previous three years, with £34 million secured from the Gates Foundation for Target Malaria work. The largest increase was from UKRI, with the £130 million secured £22 million higher than the previous five-year average. There was a reduction in the overall total award amount received from industrial partners, with the £37 million secured around £18 million lower than the previous five-year average. This is in part due to delays in negotiations as a result of COVID-19, with a number of new awards being secured in 2020–21. We secured research awards from a range of funders with regards to our COVID-19 response. Our Department of Infectious Disease has secured over £25 million of awards to lead the development of the Imperial COVID-19 vaccine, which entered clinical trials in June 2020. We have also secured funding from the UK government’s Rapid Response Initiative (REACT), which is supporting several projects from the usability and feasibility of widespread home self-testing, to improving

the COVID-19 forecasts by accounting for seasonality and environmental responses. There is often a lag between winning research awards and mobilising the research project. The awards won in a given year are spent over the life of the project (typically three to five years) and the income in the financial statements is matched to this spend in most cases. Overall research grants and contracts income was down £20.3 million (5.5%) this year. This was driven by lower non-staff spend detailed in the expenditure section below.

**Donations, Endowments and Other income**

Donations and Endowment income recognised in 2019–20 was £28.3 million, £48.3 million lower than the 2018–19 amount, which included a leadership capital donation to support the fundraising campaign for the School of Public Health.

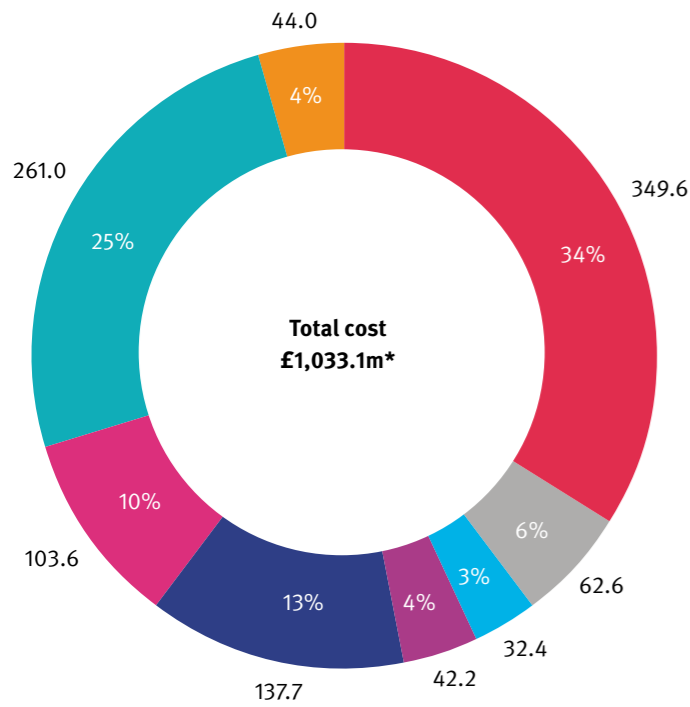
The natural volatility of this kind of income was highlighted during the COVID-19 outbreak. As the pandemic led to the interruption of ongoing infrastructure work, the recognition of further pledges to fund the School of Public Health have been delayed. Additionally, research donations

in 2019–20 dropped to £16.0 million, almost two-thirds of the amount recognised in the prior year. However, the College has remained resourceful during this time, setting up a COVID-19 Response Fund. This enables donors to contribute to a pooled fund, giving College the flexibility to support high-impact projects. Combined with an initial contribution of £1.0 million from the President’s Excellence Fund, over £2.2 million has been raised for this so far. Income was also successfully generated from philanthropic donations, which increased in 2019–20, despite the pandemic. During the year, £41.3 million was secured, an increase of £10.7 million compared to the prior year. These individual donations were all under £10 million. These will be recognised in future years as the performance conditions are met.

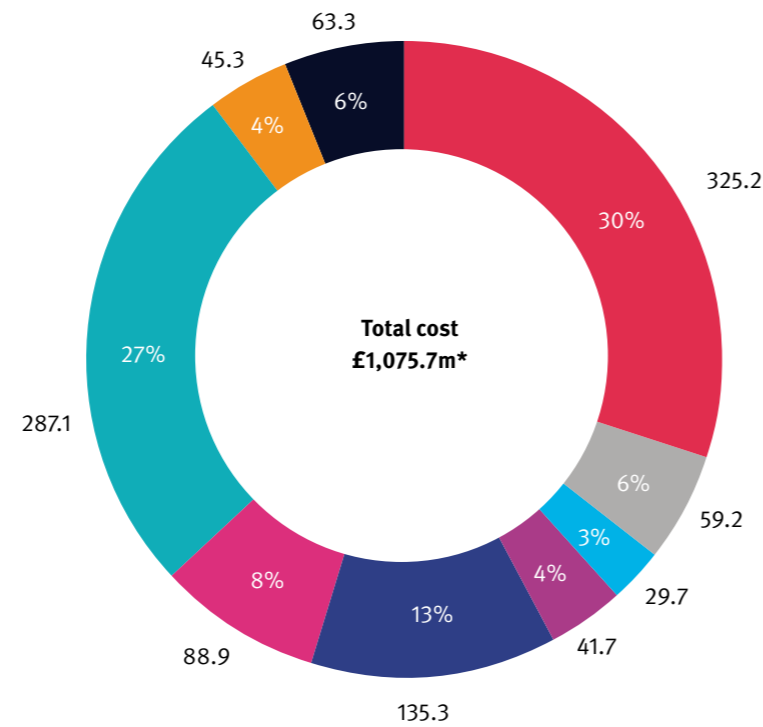
Other income overall remained in line with the prior year, with a slight increase of £0.4 million to £152.5 million. This is partly because of the £7.8 million ‘one-off’ royalty income realised on sale of technology transfer spinout Process System Enterprise, a leading supplier of Advanced Process Modelling software and services. This income offset the fall in income from residences, catering and



Total cost by category 2019–20 (£ million)



Total cost by category 2018–19 (£ million)



**Academic departments**

Academic department delivery and support of student teaching and learning, research-led teaching and research projects. Including academic and support staff salary costs and resources.

**IT, library and academic services**

Includes IT expenditure in academic departments, library and e-learning resources provided by the College.

**Student support**

Includes counselling services, careers advice, external examiner fees and health services.

**Scholarships and bursaries**

\*Excluding the pension provision, including surplus delivered to fund future commitments and the capital programme

**Estate**

Cost of maintaining and running College buildings, student teaching spaces, research laboratories, student support premises and sports buildings.

**Running the university**

Cost of running the College and central functions like admissions, finance, human resources, public relations and administrative systems.

**Direct research expenditure**

**Residences, catering, conferences**

**Surplus for reinvestment**

Reinvested to enhance teaching, research, facilities and the student experience.

conferences. Students were not charged for the third term's hall accommodation if they decided to vacate in advance, as around 90% of our undergraduates did. Catering sales have been minimal since the last outlet closed for lockdown in March and our vacation and events activity was halted prior to what would usually have been the busiest part of the year. The College elected to utilise the government's Coronavirus Job Retention Scheme, reflecting the downturn in activity across campus. This related primarily to employees in student-facing roles, resulting in a claim of £3.5 million for the year. This is recognised as part of Other Income, and offsets some of our staff costs.

**Expenditure**

Total expenditure in 2019–20 was £961.6 million. This includes a £71.5 million reversal in the USS pension provision; the underlying growth in expenditure in 2019–20, excluding the pension provision, was £20.7 million (2.0%). This rate of growth in expenditure is much lower than the last five years, which saw an annualised growth of 5.2%. The majority of this is attributed to a fall in non-staff costs as a result of the pandemic. Despite this fall in the rate of growth, the drop in income was such that there was no overall surplus for reinvestment generated in 2019–20, compared to the £63.3 million in the prior year.

**Expenditure on staff**

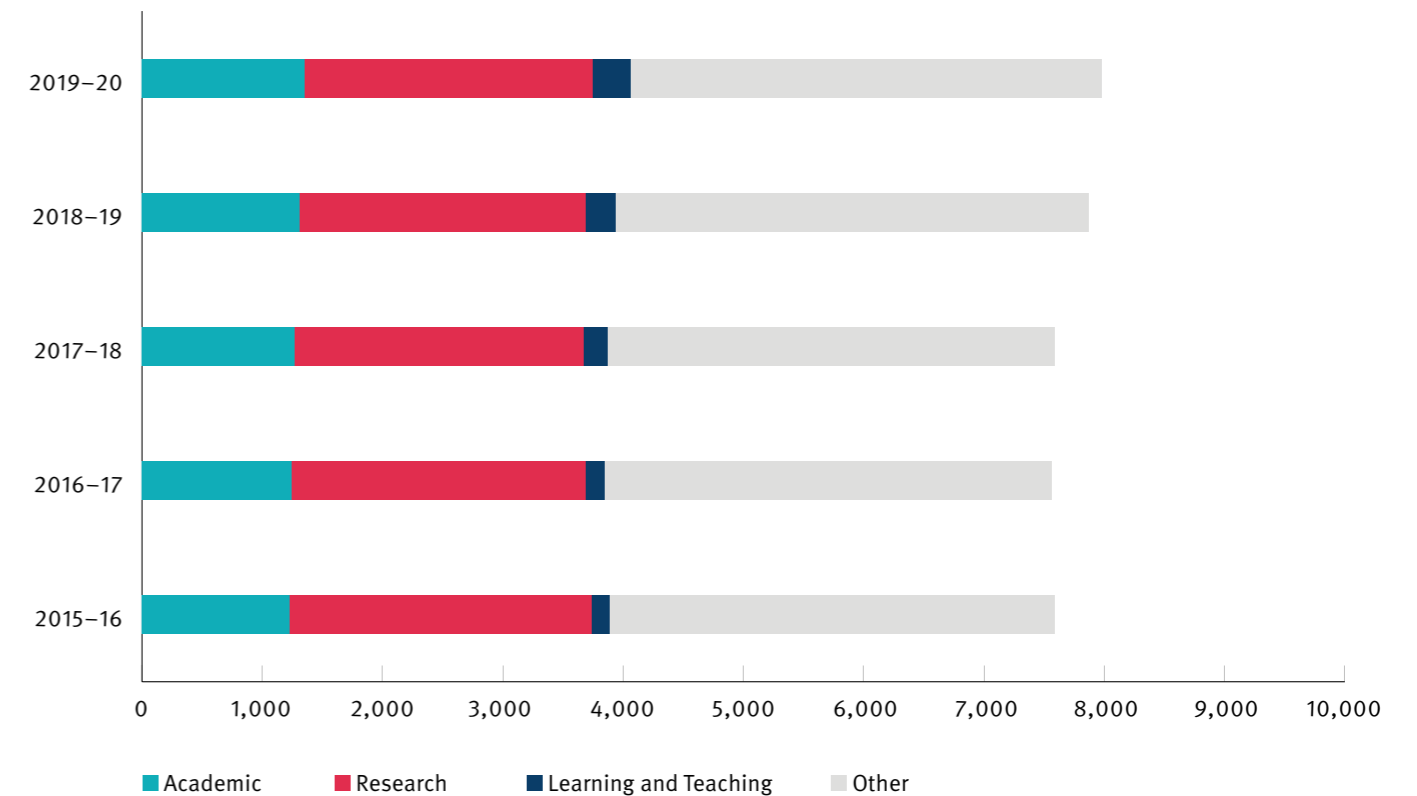
Staff costs were £567.4 million for 2019–20 (excluding pension provision), up 5.7% on last year. The increase is due to a combination of an increase in staff numbers, our decision to repeat last year's above-inflation pay award, and an increased provision for holiday pay.

College has seen a net increase in staff FTEs of 109 (1.4%) from last year, taking our total staff numbers in FTE terms to almost 8,000. The increase was entirely in academic, research and learning and teaching staff, the latter reflecting our current focus on the digital transformation to support our undergraduate and postgraduate teaching. The growth in academic and research staff is intended to support the growth in our student population, plus a large group transferred to the College's School of Public Health late in the year making up half of the growth.

A subsequent impact of lockdown is that our staff took less time off for annual leave between the start of our leave year in February and the end of July. As a result, we have seen a £5.9 million increase in the value of the accrual relating to unused holiday pay at year-end, representing on average an additional three days leave per employee. This is reported as an administration and central services cost.

A much larger provision adjustment relates to the deficit on the USS pension scheme. Last year we recognised a £117.2 million increase in the cost

Staff FTE at end of July by type (2015–16 to 2019–20)



of this commitment, based on the agreed position at the end of July 2019, which was based on the 2017 valuation. The 2018 valuation was finalised during the latter part of 2019, taking the provision down from £179.9 million to £107.4 million.

**Expenditure on non-staff costs**

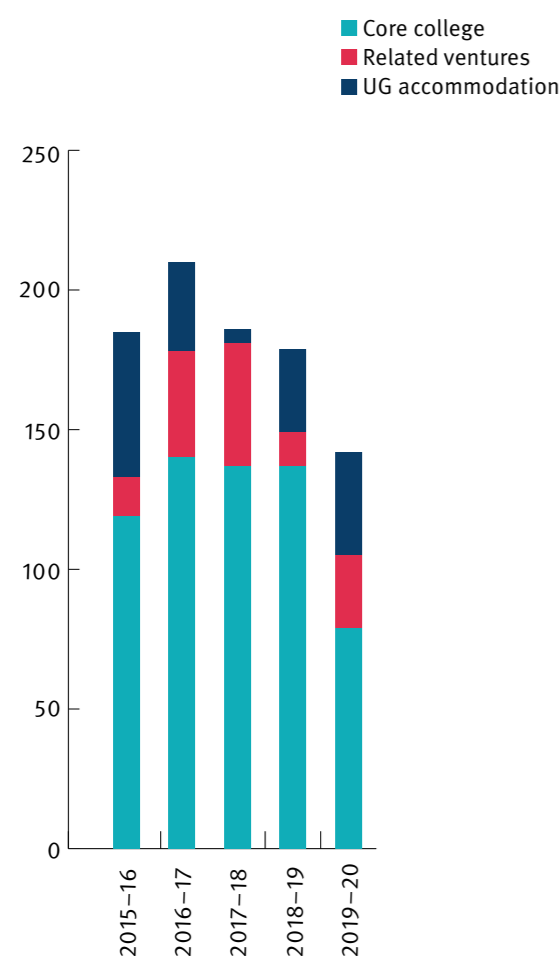
Research funded non-staff costs have fallen year-on-year following the transition to remote working in March for all non-essential related research. Last year finished 23.6% lower than the prior year, with most of the decline recognised in the final quarter. Although research was continuing, purchases were delayed as many labs were not operational, and given the logistical challenges of organising deliveries during lockdown. Expenditure started to increase towards the end of the year as activity on campus began to ramp up. While lockdown has impacted campus activity, staff have been able to continue progressing desk-based research remotely, while some essential research experiments continued on campus. Most research funders were

keen to preserve research talent throughout the disruption and agreed that changes to planned work or extensions to project duration were acceptable.

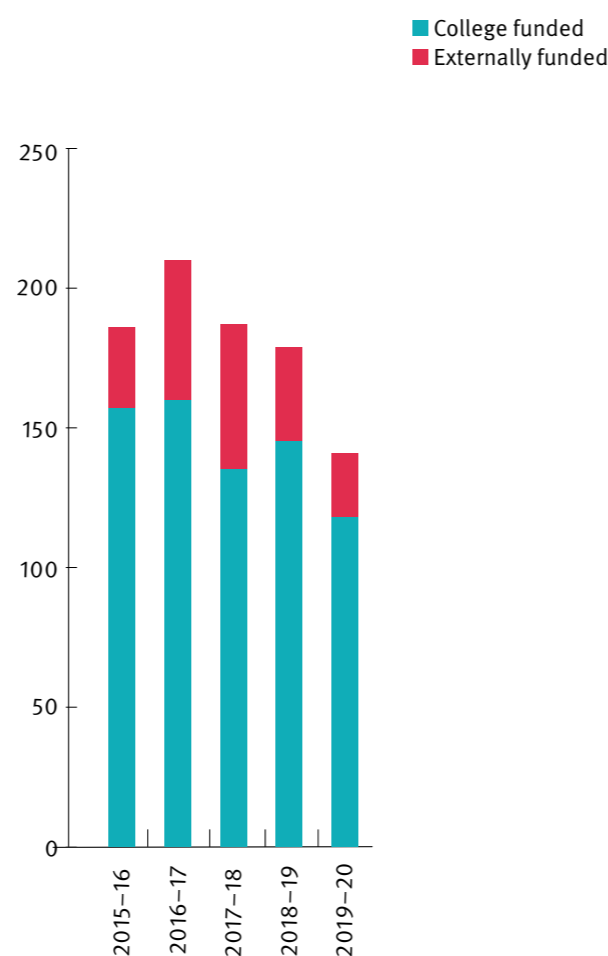
Other operating expenses within academic departments were £7.4 million higher in 2019–20 than in the prior year. This is driven by the transfer of Schistosomiasis Control Initiative (SCI) activity out of the College. SCI is now a separate charity initiative supporting governments in sub-Saharan African countries. The transfer is reported as an expenditure of £16.7 million, with the associated income having been recognised previously. Excluding this, academic department spend would have fallen by £9.3 million during the prior year, reflecting the reduced activity after lockdown.

Our new student records system has been operational since January 2020 and was used for our 2020–21 applicants and now for our students. Prior to this point its accumulated costs were capitalised and will depreciate over the next five years. The costs incurred this year are no longer being capitalised and account for a £3.1 million

**Capital expenditure by category (£ million)**



**Capital expenditure by funding type (£ million)**



**Bursaries and scholarships (£ million)**

	2015-16	2016-17	2017-18	2018-19	2019-20
Bursaries and scholarships (as reported in Note 10)	35.9	38.1	39.1	41.8	42.2
Research grant funded bursaries and scholarships	10.4	9.4	10.0	10.9	11.0
<b>Total bursaries and scholarships</b>	<b>46.3</b>	<b>47.5</b>	<b>49.1</b>	<b>52.6</b>	<b>53.2</b>

increase in our administration and services' running costs year-on-year. In due course, we hope to realise some offsetting savings in academic departments.

We have needed to recognise an increase of £4.1 million to the provision for decommissioning of our engineering facility, partly due to COVID-19 halting work temporarily. An unforeseen volume of radioactive material has further added to these costs. We recommenced work in June 2020 and this is expected to reach completion by April 2021 if no further delays materialise.

We have continued to support our students through bursaries and scholarships by spending a record £53.2 million. As with previous years, some of this has been funded by research grants and contracts. Our spend in this area has increased in each of the last five years, growing on average 3.6% per year.

We are committed to ensuring students from all socio-economic backgrounds have the opportunity to thrive at Imperial. Our Imperial Bursary fund enables donors to support this commitment. We secured £0.4 million this year to help these students and we matched every donation. This is the first year we are reporting expenditure on our access and participation plan (note 11). The £9.8 million reported includes direct financial support to students and staff supporting these students to succeed at the College and to progress into employment.

**Other Gains and Losses**

An overall gain of £60.3 million was recognised in 2019–20 due to a combination of property sales and market movements. The main contributor is the sale of the Medical School Building at St Mary's Hospital, where we recorded a gain of £70.8 million. The sale will benefit staff by providing them with better facilities for their research and improving their proximity to colleagues in medicine and collaborative disciplines at the Hammersmith and White City Campuses, as well as at South Kensington. This will enhance collaboration and multidisciplinary opportunities.

We recognised an investment gain of £5.4 million on the completion of our 34-storey residential tower, Eighty Eight Wood Lane, at White City. The tower offers a mix of both private residential and key worker accommodation.

This gain was offset by losses within the Endowment following the increase in volatility caused by the economic impact of the response to the pandemic. There was a loss of £2.6 million on our property portfolio and further losses were realised when £17.9 million of equity assets were sold to provide liquidity within the Endowment.

Our £1.0 million share of operating deficit in joint ventures relates to ScaleSpace. The joint venture continued to incur start-up losses as it finished the first phase of its facility, more details of which are below. The £1.2 million deficit in associate relates to the College's share of the operational loss reported this year by TWIG, a company that leverages an online platform providing resources to primary schools.

**Capital**

We continue to invest in our infrastructure, spending £138.8 million on additions to fixed assets in 2019–20. This was £40 million lower than last year. Some of the spend was delayed due to COVID-19 related restrictions. While much of the work has since resumed and all major projects completed, around £20 million of expenditure has been deferred into next year.

Our White City South masterplan, a 240,000 sqm application to develop the 14-acre site located south of the Westway on Wood Lane, was unanimously approved by the London Borough of Hammersmith and Fulham in September 2019. ScaleSpace is our first development on this. A joint venture with Blenheim Chalcot, a digital venture builder, ScaleSpace is a new 200,000 square foot facility for the scale-up community. It will help the UK's scale-up sector overcome growth challenges and secure the right support at the right time to grow. The first tenants from across the technology, digital and life-sciences sectors took up residence in September 2020.

The Sir Michael Uren Hub achieved practical completion in December 2019. The 13-storey building, costing £127 million, houses interdisciplinary research initiatives from across our faculties. It will drive clinical translation through integrated clinical and imaging facilities. The building was made possible by a £40 million gift from alumnus Sir Michael Uren OBE and his Foundation – the most generous donation in our history.

### Cash and cashflow

Cash from operating activities improved by £11.3 million this year to £89.7 million. Favourable working capital movements of £37.3 million boosted this figure, mostly related to the net amount of pre-funding we received from research partners (£27.1 million) as cash continued to be forwarded by funders.

Overall, our net investing activities are £15.6 million lower than the prior year, with the sales proceeds from asset sales offsetting the investment in new assets to a significant extent.

The cash outflow from financing activities was slightly higher than last year. This is due to lower inflows from new endowments which are volatile in nature. Overall, the level of cash and cash equivalents at the end of the year was around £25 million higher than in the prior year.

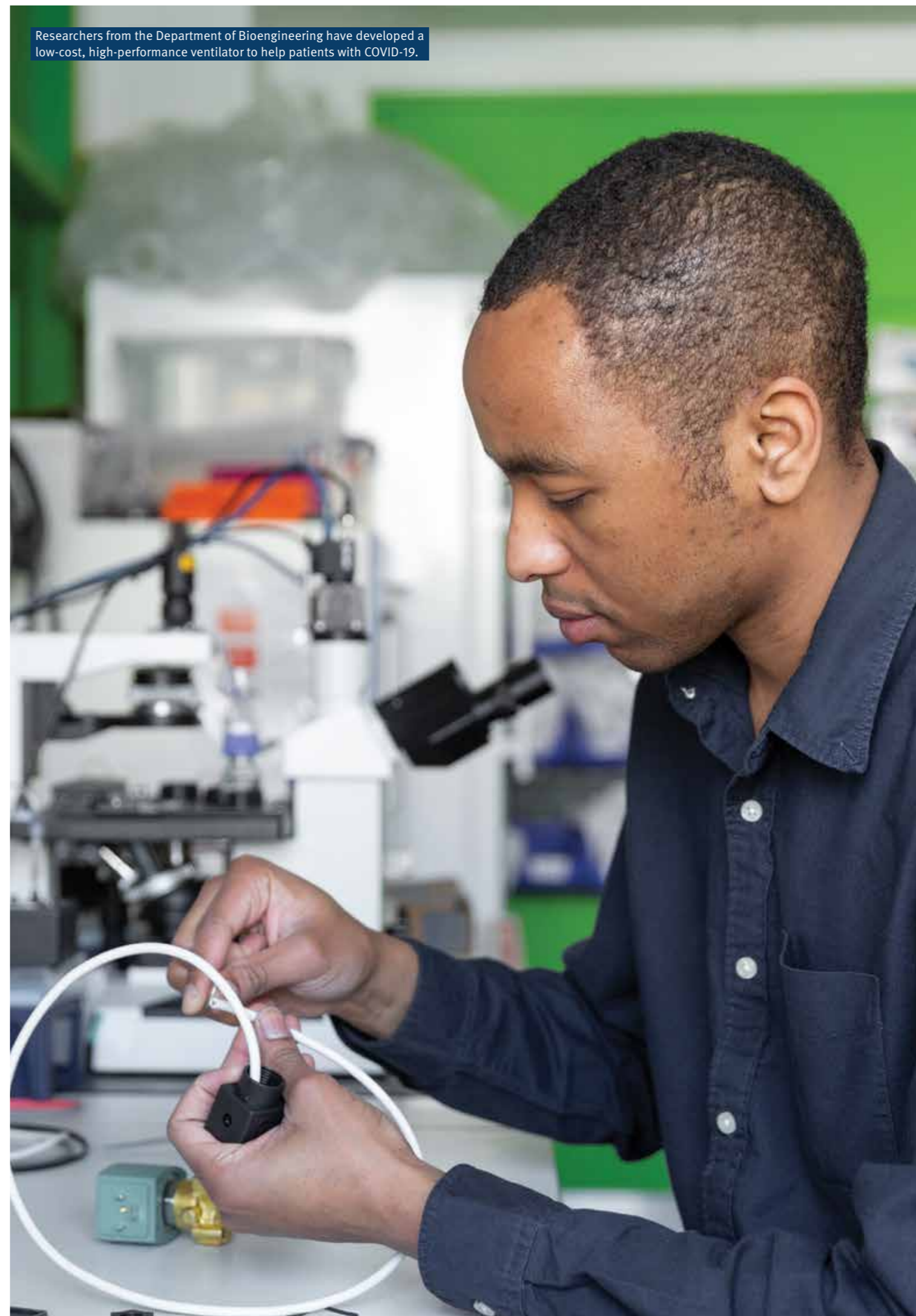
### Funding

When it became clear that COVID-19 was going to have a major impact on College operations, our immediate priority was to ensure we had sufficient liquidity to cope with the uncertainty. The sale of the Medical School building at St Mary's at the end of April generated £84 million, taking our cash balance over £300 million. To ensure we had sufficient liquidity to navigate our way through even our most adverse scenarios, we applied successfully to join the Bank of England's Covid Corporate Financing Facility. This gives us access to up to a further £500 million, the final drawdown date currently March 2021. We are entering into a revolving credit facility to provide additional liquidity past the closure of the Covid Corporate Financing Facility. We have focused even more rigorously than usual on our working capital position over the last few months and have seen debtors fall and creditors rise, which has been a major contributor to the favourable cash generation in 2019–20. While we appreciate being able to continue to benefit from this, we recognise we cannot assume this will always be the case. These measures have helped us to conclude that we remain a going concern. Further details of this assessment are in the Basis of preparation section of the Accounting policies note.

### Cash movement

	2019–20 (£m)	2018–19 (£m)
Cash and Cash Equivalents at the beginning of the year	292.3	287.0
Cash inflow from operating activities	89.7	78.4
Financing activities	(19.1)	(15.2)
Investing activities	(43.7)	(59.3)
Exchange gains/(losses) on Cash and Cash Equivalents	(1.8)	1.4
<b>Cash and Cash Equivalents at the end of the year</b>	<b>317.4</b>	<b>292.3</b>

Researchers from the Department of Bioengineering have developed a low-cost, high-performance ventilator to help patients with COVID-19.





## CORPORATE GOVERNANCE

Imperial volunteer Keisha Khyne-Sam helps a local resident at What the Tech?!, a free drop-in workshop offering tech support to older people living in White City.

## OUR GOVERNANCE STRUCTURE

The President has ultimate responsibility for our strategic direction, functions and activities. She is supported in this by the Provost, who has direct responsibility for the delivery of the College's core mission in education and research. Three separate bodies – the Council, the Court and the Senate – each oversee different elements of our activities.

None of the external members receive any payment, apart from the reimbursement of expenses, for the work they do for the College. The Council meets at least four times a year. The College's governance arrangements are available on its website, including its structure, terms of reference for Committees and minutes of the Council meetings.

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 currently has 31 members. 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.

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 Office for Students' Regulatory Framework for Higher Education in England, the President is the designated 'accountable officer' as Head of the Institution.

In that capacity she 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 terms of registration with the Office for Students, as set out in the Regulatory Framework for Higher Education in England.

The President has ultimate responsibility for all of the College'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

### 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 Chairs in its Higher Education Code of Governance, which was revised in 2020.

### 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 and Internal Control

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.

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 academic mission, overseeing the quality, capacity and efficacy of research, education and innovation and engagement. This includes the overarching academic strategy and its implementation; the College policies supporting recruitment, development and retention of academic and research staff appointed by the Faculties; attracting students, ensuring their experience is commensurate with the College's stature; and supporting their life and wellbeing across the learning environment. He also has responsibility for delegated budgets and their financial control. He is advised by Provost's Board, which sets out and monitors key performance and risk indicators, prioritises and oversees initiatives to improve the delivery of the academic mission, as well as reviewing policies and protocols that support the institutional culture.

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 College's significant risks that has been in place for the year ended 31 July 2020 and up to the date of approval of the Annual Report and Accounts, 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. KPMG, as the College's internal auditors, are required by the Office for Students to provide a statement of the extent to which the Council can rely on the whole system of internal control within the College, as well as an opinion on the arrangements for securing value for money. They judged that significant assurance could be taken on the overall adequacy and effectiveness of the College's framework of governance, risk management and control for the period 1 August 2019 to 31 July 2020 with only minor improvements needed. PwC, as the College's external auditors, also consider internal controls relevant to the preparation of the financial statements. The audit is not designed to identify all internal control deficiencies but will report any significant deficiencies if required. There were no significant control weaknesses identified.

The Council has six committees, to which it

delegates part of its authority: 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. 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 four 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 considers reports from the Office for Students as they affect the College's business and monitors adherence to regulatory requirements. It reviews the College's Risk Register each 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. At least once a year the Committee meets separately with the internal and external auditors on their own for independent discussions. The Audit and Risk Committee receives regular reports from Internal Audit, as well as commissioning reports from senior management. Its role in this area is confined to a high-level review of the arrangements for internal control, value for money, risk management and the arrangements for the management and quality assurance of data submitted to formal funding bodies at the College. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. It also receives reports from the external auditors, considering the findings of external audits from their audits of the annual report.

The **Endowment Board** manages those College assets that are not essential to the core academic mission of the College and that can therefore be managed with a pure investment focus. Its Terms of Reference include an obligation to maintain a diversified portfolio of investments, to have regard to the suitability of the investments within this portfolio and to manage the investments in a way that is appropriate to achieve the Investment Objective set by the Council. The Investment Objective necessitates growth in value of the non-core assets in line with a margin above 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 also monitors financial risks related to liquidity, debt, resource allocation and financial contingencies, and reviews 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. It also provides advice and guidance to the President's Board on the execution of Council decisions.

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

The **Remuneration Committee** reviews and approves the remuneration of the President and the Provost, their senior staff direct reports and members of the Provost's and President's Boards. The list of post holders within the remit of the Remuneration Committee as at 31 July 2020 was:

- Professor Neil Alford, Associate Provost (Academic Planning)
- Mr Luke Blair, Vice-President (Communications and Public Affairs)
- Professor Nigel Brandon, Dean, Faculty of Engineering
- Mr Harbhajan Brar, Director of HR
- Professor Simone Buitendijk, Vice-Provost (Education)
- Professor Richard Craster Dean, Faculty of Natural Sciences
- Professor Maggie Dallman, Vice-President (International)
- Professor Alice P. Gast, President
- Dr Simon Hepworth, Director of Enterprise
- Professor Nick Jennings, Vice-Provost (Research and Enterprise)
- Dr Tony Lawrence, Finance Director
- Professor Emma McCoy, Interim Vice-Provost (Education and Student Experience)
- Mr Michael T. Murphy, Vice-President (Advancement)
- Ms Jane Neary, Director of Campus Services
- Mr John Neilson, College Secretary
- Mr Nicholas Roalfe, Director of Estates Operations
- Mr Muir Sanderson, Chief Financial Officer
- Professor Francisco Veloso, Dean, Imperial College Business School
- Mr Juan Villamil, Chief Information Officer
- Professor Ian Walmsley, Provost
- Professor Jonathan Weber, Dean, Faculty of Medicine
- Ms Amanda Wolthuizen, Director of Public Affairs and Chief of Staff to the President (Secretary)

It also reviews the College's overall reward strategy to ensure that its remuneration practices are being managed in a fair and equitable way. The Remuneration Committee is normally chaired by the Chair of the Council, except for proceedings addressing the President's remuneration, which are chaired by the Deputy Chair of the Council.

The Committee's terms of reference are:

- To review and approve the application of the College's pay relativity criteria for the President and the Provost, their senior staff direct reports and members of the Provost's and President's Boards;
- To agree, in advance, remuneration packages outside the norm and to consider and decide any severance payments proposed for the staff specified above;
- To review the application of the College's reward strategy on an annual basis to ensure that remuneration practices are being managed in a fair and equitable way. This review is to be informed by the following supporting data:
  - Details of the across the board local pay award and any variation to benefits for all staff;
  - Summary information on the application of discretionary pay adjustments for all staff;
  - The annual equal pay audit;
  - The annual gender pay audit (and other specific protected pay audits as published);
  - Pay ratios and relevant comparator information;
  - Information on numbers of staff earning a total salary of more than £100,000, with trend data on average increases for the previous five years compared to average increases for all staff over five years; and
  - Detail of the individuals earning over £150,000 and the justification for any variation to pay (above the College across-the-board increase) reported on an individual basis and with reference to the College's pay relativity criteria applied to all staff.

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 Chairs, 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 his/her 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 College'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 College (including its finances and property). It is required to present audited financial statements for each financial year. As such it is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Charter of Incorporation, the Statement of Recommended Practice (SORP) on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, and in accordance with the Office for Students' Regulatory Framework for Higher Education in England, the Council is required to ensure that the College complies with the Office for Students' conditions of registration, and with its accounts direction.

Members of Imperial College London's 2019-20 Council. Back row, from left: Mr John Neilson; Professor Richard Craster; Professor Nigel Brandon; Mr Toby Courtauld; Sir Jonathan Michael; Professor Ian Walmsley; Mr Muir Sanderson; Professor Jeremy Sanders. Front row, from left: Mr Christopher Brinsmead; Mr John Cullen; Professor Francisco Veloso; Mr Abhijay Sood; Mr John Allen; Professor Alice Gast; Dr Mahnaz Safa; Mr Chris Williams; Professor Terry Tetley; Professor Jonathan Weber.



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, applicable accounting standards, and the Office for Students' accounts direction has 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 Office for Students and UK Research and Innovation are used only for the purposes for which they have been given and in accordance with any other conditions which these bodies may from time to time prescribe, which ensures regularity in the use of this public funding;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources, and the propriety of their use, including policies on whistleblowing, considering grievances and research misconduct;
- 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 five-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 Finance Committee;
- 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 and Risk 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 2019 to 27 November 2020, the date that the Annual Report and Accounts have been approved.

## The Council

### Chair:

Sir Philip Dilley  
(to 31 December 2019)  
Mr J.M. Allan  
(from 1 January 2020)

### Co-opted External Members:

Mr C.D. Brinsmead  
Mr T. Courtauld  
Mr J. Cullen (Deputy Chair)  
Sir Jonathan Michael  
Mr R. Kalifa (from 1 March 2020)  
Ms S.E. Murray  
Dame Alison Nimmo  
(to 31 December 2019)  
Dr M. Safa  
Professor J.K.M. Sanders  
Mr C.G. Williams

### Ex-Officio:

President: Professor A. P. Gast  
Provost: Professor I.A. Walmsley  
Chief Financial Officer:  
Mr M. Sanderson

### Senior Staff Representatives:

Professor N. Brandon  
Professor R.V. Craster  
(from 1 January 2020)  
Professor F. Veloso  
Professor J.N. Weber  
Professor T. Welton  
(to 31 December 2019)

### Elected Staff Member:

Professor T.D. Tetley

### President, Imperial College Union:

Mr A. Sood

### Clerk to the Court and Council:

Mr J.S. Neilson

## Audit and Risk Committee

### Audit and Risk

**Committee Chair:**  
Mr J. Cullen

### Membership:

Sir Jonathan Michael  
Professor J.K.M. Sanders  
Mr C.G. Williams

### Secretary:

Mrs R. Knight

## Endowment Board

### Chair:

Mr N. Moakes (to 23 March 2020)  
Mr C.G. Williams (from 24 March  
2020; former external member  
of the Endowment Board)

### Membership:

Professor A.P. Gast  
Ms L. Patel (from 11 June 2020)  
Ms A. Rudebeck  
Mr M. Sanderson  
Mrs A. Shiach  
(from 11 June 2020)  
Mr F. Varoqui

### Secretary:

Ms J. Soulieux

## Finance Committee

### Chair:

Mr C.D. Brinsmead

### Membership:

Professor A.P. Gast  
Mr R. Kalifa (from 15 May 2020)  
Ms A. Rudebeck  
Dr M. Safa  
Mr M. Sanderson  
Professor I.A. Walmsley  
(from 22 November 2019)  
Mr C.G. Williams

### Secretary:

Mr T. Galer

## Imperial White City Syndicate

### Chair:

Dame Alison Nimmo  
(to 31 December 2019)  
Mr T. Courtauld (chair from 1  
January 2020; former external  
member of the Imperial White  
City Syndicate)

### Membership:

Professor N. Alford  
Sir John Armit  
Professor A.P. Gast  
Ms S.E. Murray (to 15 May 2020)  
Mr M. Sanderson  
Professor I.A. Walmsley

### Secretary:

Mr D. West

## Nominations Committee

### Chair:

Sir Philip Dilley  
(to 31 December 2019)  
Mr J.M. Allan  
(from 1 January 2020)

### Membership:

Mr C.D. Brinsmead  
Mr J. Cullen  
Professor A.P. Gast  
Dr M. Safa  
Mr M. Sanderson  
Professor I.A. Walmsley

### Secretary:

Mr J.S. Neilson

## Remuneration Committee

### Chair:

Sir Philip Dilley  
(to 31 December 2019)  
Mr J.M. Allan  
(from 1 January 2020)

### Membership:

Mr C.D. Brinsmead  
Mr J. Cullen  
Dr M. Safa

### Secretary:

Mrs L. Lindsay (to 31 May 2020)  
Mr H.S. Brar (from 1 June 2020)



Staff from life sciences startup, Polymateria, working at the I-HUB at the White City Campus.





# INDEPENDENT AUDITORS' REPORT

The Queen's Lawn at the South Kensington Campus, pictured in autumn 2019.

# INDEPENDENT AUDITORS' REPORT TO THE COUNCIL

Year ended 31 July 2020

Independent auditors' report to the Council of 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 2020 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 Office for Students' Accounts Direction (OfS 2019.41).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise the statement of financial position as at 31 July 2020; the statement of comprehensive income and expenditure, the statement of changes in reserves, and the consolidated statement of cash flows for the year then ended; the statement of principal accounting policies; and the notes to the financial statements.

### 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's 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 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.

## 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 42 and 43, 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 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](http://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 with Statute 11 of the Charters and 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 Office for Students' Accounts Direction (OfS 2019.41)

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;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in note 4 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in note 11 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
London  
27 November 2020

# FINANCIAL STATEMENTS 2019–20

Senior Teaching Fellow Dr Colin Hale and Dr Wenqian Chen following COVID-19 safety measures in the Carbon Capture Pilot Plant.

## Statement of comprehensive income and expenditure

Year ended 31 July 2020

	Notes	Consolidated		College	
		Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Income</b>					
Tuition fees and education contracts	1	337.7	313.2	337.7	313.2
Funding Council grants	2	154.3	156.8	154.3	156.8
Research grants and contracts	3	347.7	368.0	347.7	368.0
Other income	5	152.5	152.1	156.7	142.6
Investment income	6	5.9	7.1	5.9	7.0
Donations and endowments	7	28.3	76.6	28.3	76.5
<b>Total income</b>		<b>1,026.4</b>	<b>1,073.8</b>	<b>1,030.6</b>	<b>1,064.1</b>
<b>Expenditure</b>					
Staff costs	8, 10	567.4	536.7	564.6	532.1
Pension provisions	8	(71.5)	117.2	(71.5)	117.2
Other operating expenses	10	364.3	376.4	373.6	366.5
Depreciation	10, 12	79.7	78.9	78.7	76.9
Interest and other finance costs	9, 10	21.7	20.4	21.8	20.5
<b>Total expenditure</b>		<b>961.6</b>	<b>1,129.6</b>	<b>967.2</b>	<b>1,113.2</b>
<b>Surplus/(deficit) before other gains/(losses) and share of operating results of joint ventures and associates</b>		<b>64.8</b>	<b>(55.8)</b>	<b>63.4</b>	<b>(49.1)</b>
Gain on disposal of fixed assets	12	70.8	7.9	70.8	-
(Loss)/gain on disposal of non-current investments		(1.5)	(4.5)	(1.5)	2.9
(Loss)/gain on investments	13	(9.0)	15.5	(9.0)	15.5
Share of operating deficit in joint ventures	14	(1.0)	(0.6)	-	-
Share of operating deficit in associates	15	(1.2)	(1.9)	-	-
<b>Surplus/(deficit) before tax</b>		<b>122.9</b>	<b>(39.4)</b>	<b>123.7</b>	<b>(30.7)</b>
Taxation		-	-	-	-
<b>Surplus/(deficit) for the year</b>		<b>122.9</b>	<b>(39.4)</b>	<b>123.7</b>	<b>(30.7)</b>
<b>Total comprehensive income/(expenditure) for the year</b>		<b>122.9</b>	<b>(39.4)</b>	<b>123.7</b>	<b>(30.7)</b>
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(2.1)	21.0	(2.1)	21.0
Restricted comprehensive (expenditure)/income for the year		(16.0)	29.0	(13.9)	35.0
Unrestricted comprehensive income/(expenditure) for the year		141.0	(89.4)	139.7	(86.7)
		<b>122.9</b>	<b>(39.4)</b>	<b>123.7</b>	<b>(30.7)</b>

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 2020

	Notes	Consolidated		College	
		Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Non-current assets</b>					
Fixed assets	12	1,635.5	1,712.2	1,632.9	1,713.0
Investments	13	685.5	536.8	721.2	590.9
Investments in joint ventures	14	5.7	2.3	-	-
Investments in associates	15	5.1	6.3	9.2	9.2
		<b>2,331.8</b>	<b>2,257.6</b>	<b>2,363.3</b>	<b>2,313.1</b>
<b>Current assets</b>					
Stock		0.1	0.2	0.1	0.2
Trade and other receivables	17	261.8	286.1	264.3	288.0
Investments	18	0.9	0.6	0.9	0.6
Cash and cash equivalents		317.4	292.3	294.8	260.6
		<b>580.2</b>	<b>579.2</b>	<b>560.1</b>	<b>549.4</b>
Creditors: amounts falling due within one year	19	(566.3)	(530.6)	(553.5)	(532.9)
<b>Net current assets</b>		<b>13.9</b>	<b>48.6</b>	<b>6.6</b>	<b>16.5</b>
<b>Total assets less current liabilities</b>		<b>2,345.7</b>	<b>2,306.2</b>	<b>2,369.9</b>	<b>2,329.6</b>
Creditors: amounts falling due after more than one year	20	(533.8)	(547.0)	(533.8)	(547.0)
<b>Provisions</b>					
Pension provisions	22	(107.4)	(179.8)	(107.4)	(179.8)
Other provisions	22	(7.5)	(5.3)	(7.5)	(5.3)
<b>Total net assets</b>		<b>1,697.0</b>	<b>1,574.1</b>	<b>1,721.2</b>	<b>1,597.5</b>
<b>Restricted Reserves</b>					
Endowment income and expenditure reserve	23	176.0	178.1	176.0	178.1
Restricted income and expenditure reserve	24	85.3	101.3	93.5	107.4
<b>Unrestricted Reserves</b>					
Unrestricted income and expenditure reserve		1,435.7	1,294.7	1,451.7	1,312.0
<b>Total Reserves</b>		<b>1,697.0</b>	<b>1,574.1</b>	<b>1,721.2</b>	<b>1,597.5</b>

The financial statements were approved by the Council on 27 November 2020 and were signed on its behalf on that date by:

Mr John Allan CBE, Chair of Council

Professor Alice Gast, President

Mr Muir Sanderson, Chief Financial Officer

## Statement of changes in reserves

Year ended 31 July 2020

	Income and expenditure account			Total
	Endowment £m	Restricted £m	Unrestricted £m	£m
<b>Consolidated</b>				
<b>Balance at 1 August 2018</b>	<b>157.1</b>	<b>72.3</b>	<b>1,384.1</b>	<b>1,613.5</b>
Surplus/(deficit) from the income and expenditure statement	21.0	59.5	(119.9)	(39.4)
Release of restricted funds spent in year	-	(30.5)	30.5	-
<b>Total comprehensive income for the year ended 31 July 19</b>	<b>21.0</b>	<b>29.0</b>	<b>(89.4)</b>	<b>(39.4)</b>
<b>Balance at 31 July 2019</b>	<b>178.1</b>	<b>101.3</b>	<b>1,294.7</b>	<b>1,574.1</b>
(Deficit)/surplus from the income and expenditure statement	(2.1)	3.6	121.4	122.9
Release of restricted funds spent in year	-	(19.6)	19.6	-
<b>Total comprehensive income for the year ended 31 July 20</b>	<b>(2.1)</b>	<b>(16.0)</b>	<b>141.0</b>	<b>122.9</b>
<b>Balance at 31 July 2020</b>	<b>176.0</b>	<b>85.3</b>	<b>1,435.7</b>	<b>1,697.0</b>
<b>College</b>				
<b>Balance at 1 August 2018</b>	<b>157.1</b>	<b>72.4</b>	<b>1,398.7</b>	<b>1,628.2</b>
Surplus/(deficit) from the income and expenditure statement	21.0	65.5	(117.2)	(30.7)
Release of restricted funds spent in year	-	(30.5)	30.5	-
<b>Total comprehensive income for the year ended 31 July 19</b>	<b>21.0</b>	<b>35.0</b>	<b>(86.7)</b>	<b>(30.7)</b>
<b>Balance at 31 July 2019</b>	<b>178.1</b>	<b>107.4</b>	<b>1,312.0</b>	<b>1,597.5</b>
(Deficit)/surplus from the income and expenditure statement	(2.1)	5.7	120.1	123.7
Release of restricted funds spent in year	-	(19.6)	19.6	-
<b>Total comprehensive income for the year ended 31 July 20</b>	<b>(2.1)</b>	<b>(13.9)</b>	<b>139.7</b>	<b>123.7</b>
<b>Balance at 31 July 2020</b>	<b>176.0</b>	<b>93.5</b>	<b>1,451.7</b>	<b>1,721.2</b>

## Consolidated statement of cash flows

Year ended 31 July 2020

	Note	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year before taxation		122.9	(39.4)
Taxation		-	-
Surplus/(deficit) for the year after taxation		122.9	(39.4)
<b>Adjustment for non-cash items</b>			
Depreciation	12	79.7	78.9
Loss/(gain) on investments	13	9.0	(15.5)
Decrease in stock		0.1	0.3
Decrease/(increase) in debtors		6.6	(50.2)
Increase in creditors		30.7	65.1
(Decrease)/increase in pension provisions		(75.4)	113.6
Increase/(decrease) in other provisions		2.2	(1.6)
Share of operating deficit in joint venture		1.0	0.6
Share of operating deficit in associate		1.2	1.9
Unrealised foreign currency losses/(gains)		1.8	(1.4)
Other non-cash items		(1.8)	(2.0)
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(5.9)	(7.1)
Interest payable	9	21.7	20.4
Endowment income		(4.4)	(14.9)
Profit on the sale of non-current assets		(69.3)	(3.4)
Capital grant income		(30.4)	(66.9)
		89.7	78.4
<b>Cash flow from investing activities</b>			
Capital grants receipts		37.8	46.5
Proceeds from sales of fixed assets		84.0	20.9
Proceeds from sales of investment property		16.3	8.8
Disposal of other non-current investments		16.1	54.4
Investment income		1.3	2.6
Payments made to acquire fixed assets		(119.6)	(191.4)
Payments to acquire joint venture share capital	14	(4.3)	(3.0)
New non-current investments		(75.0)	(21.9)
Movement in current asset investments		(0.3)	23.8
		(43.7)	(59.3)
<b>Cash flow from financing activities</b>			
Interest paid		(14.0)	(14.3)
Interest element of finance lease payments		(4.7)	(4.8)
New endowments		9.4	13.7
Repayments of amounts borrowed		(9.0)	(9.0)
Capital element of finance lease payments		(0.8)	(0.8)
		(19.1)	(15.2)
<b>Increase in cash and cash equivalents in the year</b>		<b>26.9</b>	<b>3.9</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>292.3</b>	<b>287.0</b>
Increase in cash and cash equivalents in the year		26.9	3.9
Exchange (losses)/gains on cash and cash equivalents		(1.8)	1.4
<b>Cash and cash equivalents at end of the year</b>		<b>317.4</b>	<b>292.3</b>

## Statement of principal accounting policies

### 1. Basis of preparation

These financial statements have been prepared in accordance with the 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), the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and the OfS Accounts Direction (OfS 2019.41).

The College is a public benefit entity and therefore has applied the relevant public benefit requirements of the United Kingdom Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention (modified by the revaluation of endowment and listed non-current asset investments and investment properties). The accounting policies have been applied consistently year on year.

The College’s consolidated 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. In arriving at its assessment, Council have considered a period of 18 months from the balance sheet date in assessing the use of the going concern assumption. In developing this assessment, Council have noted that College successfully reacted to the impact of COVID-19 during the year by controlling costs and considered it reasonable to assume that further cost constraint could be exercised, if necessary. Council have also noted that the College has significant investment balances that could be liquidated if required to address any liquidity shortfall. The forecasts and projections, including a plausible worst-case scenario in which the College’s multi-mode teaching is disrupted by further COVID-19 restrictions leading to less revenue from hall and tuition fees as students interrupt studies or withdraw, show that the downside risk to cashflow is manageable and so the risk of breaching covenants imposed by lenders is considered low. Whilst under this plausible worst-case scenario the College has limited headroom against one cash flow related loan covenant, any potential breach would be identified well in advance of the point subject to covenant testing and appropriate action could be taken. Additionally, the College has sufficient resources available to prepay the relevant loan and avoid a breach of this covenant or to take other actions. Therefore, Council 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.

### 2. Basis of consolidation

The consolidated financial statements include the College and all its subsidiaries for the financial year to 31 July. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition, or up to the date of disposal. Intragroup transactions are eliminated on consolidation. In preparing its own financial statements, the College has applied the exemptions available under FRS 102 to disclose neither a cash flow statement, nor related party transactions with wholly owned subsidiaries. Similarly, an exemption has been taken from disclosing details of the College’s financial instruments as the consolidated position is presented in these financial statements.

Associated companies and joint ventures are accounted for using the equity method in the consolidated financial statements. Associated companies are those in which the College has a significant, but not dominant, influence over their commercial and financial policy decisions. Joint ventures represent entities over which the College has joint control with a third party.

### 3. Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the consolidated statement of comprehensive income and expenditure 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. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Government grants are credited to the consolidated statement of comprehensive income and expenditure when the College is entitled to the income and any performance related conditions have been met. Where multiple performance conditions exist, the amount of income recognised reflects the income due for performance conditions met.

Income from research grants and contracts is credited to the consolidated statement of

comprehensive income and expenditure when the College is entitled to the income and any performance related conditions have been met. Income received before performance related conditions have been met is deferred on the statement of financial position and released to the consolidated statement of comprehensive income and expenditure in line with such conditions being met.

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

Donations and endowments (a form of charitable trust retained for the benefit of the College) with donor-imposed restrictions are credited to the consolidated statement of comprehensive income and expenditure when the College is entitled to the income. This income is retained within the restricted reserve, with additional disclosures provided within the notes to the financial statements, until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
3. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
4. Expendable endowments – the donor has specified a particular objective and the College has the power to use the capital.

Donations with no restrictions are recognised in the consolidated statement of comprehensive income and expenditure when the College is entitled to the income.

All investment income from deposits and endowments is recorded in income in the period in which it is earned and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund. 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 until such time that it is utilised in line with such restrictions.

### 4. Pension schemes

The College participates in three active pension schemes, the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the NHS Pension Scheme. The College also participates in the legacy Federated Pension Scheme 1634 (FPS) on behalf of retired members.

The USS, SAUL and NHS schemes are multi-employer schemes, two being defined benefit and one hybrid. Given the mutual nature of the schemes, it is not possible to identify the College’s share of the underlying assets and liabilities. Consequently, the College cannot apply defined benefit accounting and, according to section 28 FRS 102, the schemes are accounted for as defined contribution schemes. The FPS scheme is a defined benefit scheme and accounted for as such. Each scheme is valued every three years, apart from the NHS scheme which is valued every four years, by professionally qualified independent actuaries.

The College has entered into an agreement with regards to the USS scheme that determines how each employer within the scheme will fund the overall deficit of the scheme. The College recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised in the consolidated statement of comprehensive income and expenditure.

### 5. Short-term employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits, such as holiday entitlements earned not taken at the reporting date, 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 consolidated statement of comprehensive income and expenditure when incurred.

### 6. Foreign currencies

Transactions denominated in foreign currencies are translated to the respective functional currencies of Group entities at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the reporting date.

## Statement of principal accounting policies *(continued)*

The resulting exchange differences are recognised in the consolidated statement of comprehensive income and expenditure.

### 7. Finance leases

Leases which transfer substantially all of the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired under finance leases, together with the related lease liability, are recorded in the consolidated statement of financial position at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments.

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

Assets leased from the College under finance leases are removed from the consolidated statement of financial position and replaced with a receivable at an amount equal to the present value of the sum of the minimum lease payments due and any residual value at the end of the lease term.

### 8. Operating leases

Leases which do not transfer substantially all of the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease costs and income are recognised in the consolidated statement of comprehensive income and expenditure on a straight line basis over the relevant lease term. Any lease premiums or incentives are spread over the minimum lease term.

### 9. Land and buildings

Initially, purchased land and purchased or constructed buildings are stated at cost. Subsequently, freehold land is not depreciated as it is considered to have an indefinite useful life. Leasehold land is depreciated over the life of the lease. Buildings, including service plant, are depreciated over their expected useful lives as follows:

Building works	50 years
Service plant	20 years
Building infrastructure	20 years
IT infrastructure	10 years

Costs incurred in relation to buildings after their initial acquisition or construction are capitalised

only to the extent that they increase the expected future benefits beyond the previously assessed standard of performance. The cost of such works are depreciated over 20 years.

Assets under construction are capitalised at cost and not depreciated until they are available for use.

### 10. Fixtures, fittings and equipment

Fixtures, fittings 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. Costs capitalised include those that are required to bring the asset to the location and condition necessary for it to operate in the manner intended.

Capitalised equipment is stated at cost and, once in service, depreciated over their useful economic lives as follows:

Fixture, fittings and infrastructure	20 years
Equipment and IT	5 years

Equipment acquired for specific research projects is depreciated over its expected useful economic life which ordinarily equates to the remaining life of the project (generally three years up to a maximum of five years).

Where fixtures, fittings 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

The reserves reflect the accumulated net comprehensive income of the College. This accumulated net comprehensive income is classified as either restricted or unrestricted depending on whether restrictions were placed on how it was to be spent. Income with such restrictions remains in the restricted reserves until it is spent in line with the restriction, at which point it is transferred to the unrestricted reserve via a reserve transfer.

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.

### 12. Investment properties

Investment properties are those land and building assets which are held for either their rental income, capital appreciation or both. Investment properties are initially recognised at cost in the statement of financial position and subsequently at their fair value on the basis of an independent valuation at each statement of financial position date. Changes in the fair value of investment properties are recognised within the consolidated statement of comprehensive income and expenditure.

Property held primarily for the provision of social benefit is not classified as investment property (for example student accommodation), in accordance with FRS 102.

### 13. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another. Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. All financial instruments are basic financial instruments other than the derivatives held.

The non-current investment assets held by the College are not expected to realise their value within the next twelve months from the date of the consolidated statement of financial position. These assets, together with their corresponding treatments, are as follows:

- Listed equity are financial instruments that are traded on a recognised stock exchange. They are held at fair value.
- Non-listed investment are shares that are not traded on a recognised stock exchange. They are held at fair value when regular, reliable valuations are available, for example private equity funds. They are held at cost less any provision for impairment when regular, reliable valuations are not available, including equity holdings in private companies.

The current investment assets held by the College are deposits with banks and building societies with maturity between three and twelve months at the date of acquisition. These are held at their cost less any provision for impairment in their value.

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours

without penalty. 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.

Unsecured loans are liabilities with fixed or determinable payments that are not secured against specific assets. These are held at amortised cost. They are apportioned between 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due after more than one year'.

Derivatives are contracts whose value is dependent on the value of an underlying asset, such as a commodity or currency. The College has not taken up the option to apply hedge accounting to its derivatives and, instead, recognises the fair value of the outstanding derivatives in the consolidated statement of financial position.

Trade receivables and trade payables are recognised at their transaction price in the statements of consolidated financial position and subsequently measured at amortised cost. A provision for bad debts is estimated on the basis that as debts become older, a higher percentage become irrecoverable.

Investments in joint ventures, associated companies and subsidiaries are recognised at cost less any provision for impairment in the College's individual statement of financial position.

Amortised cost is a method used to measure the value of certain financial assets and liabilities after they have been initially recognised. The amortised cost of a financial instrument is the net of the amount the instrument was initially recognised at, less any repayment of the principal, plus or minus the cumulative amortisation of any difference between the amount at initial recognition and the maturity amount, minus – in the case of financial assets – any reduction for impairment or uncollectability.

Any changes in market value, fair value or resulting from impairment are recognised immediately in the consolidated statement of comprehensive income and expenditure.

### 14. Taxation status

The College is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 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) or Section 256 of the

## Statement of principal accounting policies *(continued)*

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 (VAT).

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation. The charge for taxation is based on the profit or loss for the year after charging the cost of any Gift Aid payment payable to the College. The charge for taxation also takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

### 15. Heritage assets

Heritage assets are tangible and intangible assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Assets are held at cost where this is known or can be obtained from historic records, less accumulated impairment losses. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

### 16. Provisions and contingent liabilities

Provisions are liabilities of either uncertain timing or amount.

Provisions are recognised in the consolidated statement of financial position when:

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in

the consolidated statement of financial position as a liability, however disclosure is made unless the possibility of an outflow of resources is remote.

### 17. Accounting judgements and estimates

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 below:

#### Critical accounting judgements

On 28 February 2019, the College and Imperial Innovations Limited ("Innovations"), a wholly-owned subsidiary of IP Group, agreed to the early termination of a Technology Pipeline Agreement, under which the College granted Innovations first refusal to generate income from College intellectual property. Innovations agreed to transfer the staff from its technology transfer office and its portfolio of inactive intellectual property (which is not yet capable of being commercialised) to the College, together with £1.5 million in cash. Management have considered the substance of the transaction and concluded that the assets and activities transferred to the College are not integrated in a way that will produce goods and services that will generate income. The transaction is accounted for as the transfer of a group of assets rather than a business combination. The College transferred no consideration for the inactive intellectual property, which has been assigned nil fair value on transfer. Therefore, no assets have been recognised and the £1.5 million cash receipt has been recognised in income on receipt in the year ended 31 July 2019. Immediately on receipt, the College assigned the portfolio of inactive intellectual property to Innovations, a wholly-owned subsidiary of the College, to manage on its behalf.

On 23 November 2018, the Council approved a new constitution for Imperial College Union ("the Union"). This removed the Council as a party required to approve any changes to the Union's Bye-Laws. Management judge that this removes the College's substantive control over the Union and that it would no longer be appropriate to consolidate the Union following the approval of the new constitution.

#### Key sources of estimation uncertainty

**Investment property** – The valuation of

the College's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the College places on its investment property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market. The investment property valuation contains a number of assumptions upon which the College's independent professional valuer has based its valuation of the portfolio. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. The valuation basis therefore is driven by the unique circumstances of each property. For one property both a rental income valuation (£85.1 million) and a market valuation approach (£101.6 million) was taken. The higher value was used since the asset could be sold. A 5% change in the estimated rental value across the portfolio would lead to a £13.6 million change in portfolio value, ranging from £258.4 million to £285.6 million. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020 and the national standards and guidance set out in the UK national supplement 2018. In specific periods of volatility related to force majeure events the independent valuation reports may also include additional material uncertainty clauses which aim to cover a scarcity of contemporaneous transactional evidence.

**USS pensions provision** – A provision is recognised in the financial statements for future contributions payable to the USS pension scheme that relate to the deficit in the scheme. It arises from the agreement with scheme employers as to how the deficit is funded. The carrying amount of this liability on 31 July 2020 is £107.4 million (see Note 22). Assumptions used in the calculation represent a key source of estimation uncertainty. These assumptions and an analysis of the sensitivity of the provision to changes in these assumptions are also included in Note 22.

**Annual holiday accrual** – An accrual is recognised in the financial statements for holiday leave that has been accrued for by employees but not yet taken as at 31 July 2020.

The carrying amount of this liability is £15.0 million (2019: £9.3 million) and this is calculated based on extrapolating the leave records of a sample of the staff population.

The average number of days owed this year as at 31 July 2020 was 9.2 days (2019: 5.7 days). The value of the accrual is based on extrapolating the records of the staff who recorded their leave in the College's system for recording leave taken by 31 July 2020, (59%) across the staff population. Of the staff who did not record any leave, if they were assumed to have taken no leave this would have increased the provision to £19.8 million. If they had taken half of their allowance this would reduce the provision to £7.7 million.

**Imperial College ThinkSpace Impairment** – The College has invested £38.5 million in Imperial College ThinkSpace Limited, a wholly-owned subsidiary. During the year, the subsidiary distributed £7.0 million to the College, after a share reduction, but continued to under-perform operationally. This triggered an impairment review and resulted in an impairment of £18.4 million in the subsidiary in the College parent financial statements. The impairment was determined based on a value in use model calculating the recoverable amount of the investment (£20.1 million). The value in use model is based on the best estimate of forecast cashflows that the College will receive from the subsidiary and is a source of significant estimation uncertainty. Along with the best estimate scenario, two others were considered, a worst- and best-case scenario. If these transpired this could have resulted in a recoverable amount between £6.2 million and £40.9 million respectively. The subsidiary manages a property portfolio that is expected to operate over the period over which income is expected to be generated based on leases in place and a range of scenarios were considered with key assumptions amended to reflect the uncertainty. The following assumptions are considered key assumptions:

- Property occupancy levels – Drive the level of rental income derived from the properties managed;
- RPI inflation – A large proportion of rental income contracts and the rental expense on the largest building leased by ThinkSpace have an annual increase in rent linked to RPI;

The model also assumes, amongst other less significant assumptions, that there are other changes to market rental that will be reflected in new leases over the period being modelled.



## Notes to the financial statements

For the year ended 31 July 2020

### 1. Tuition fees and education contracts

	Registered student numbers		Consolidated		College	
	31 December 2019	31 December 2018	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Full-time home and EU students</b>						
Undergraduate	6,915	6,839	60.9	60.5	60.9	60.5
Postgraduate	4,136	4,098	29.5	28.2	29.5	28.2
<b>Full-time international students</b>						
Undergraduate	3,542	3,215	103.2	89.9	103.2	89.9
Postgraduate	3,671	3,416	93.0	84.1	93.0	84.1
<b>Part-time home and EU students</b>	1,268	1,246	8.4	8.7	8.4	8.7
<b>Part-time international students</b>	402	357	5.7	4.6	5.7	4.6
<b>Research Training Support Grants</b>			29.2	28.5	29.2	28.5
<b>Short course fees</b>			7.8	8.7	7.8	8.7
			<b>337.7</b>	313.2	<b>337.7</b>	313.2

Fee income is shown net of discounts and fees remitted.

Research training support grants include £4.8 million (2019: £4.8 million) 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 training research students.

Total numbers of full-time and part-time students are 19,934 in 2020 and 19,171 in 2019 (excluding those on research training support grants and short courses).

### 2. Funding Council grants

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Grants from OfS</b>				
Recurrent – teaching	28.4	28.3	28.4	28.3
Capital	0.8	-	0.8	-
Other	-	0.2	-	0.2
<b>Grants from Research England</b>				
Recurrent – research	106.4	97.2	106.4	97.2
Capital	13.5	25.6	13.5	25.6
Higher Education Innovation Fund	4.4	4.4	4.4	4.4
Other	0.8	1.1	0.8	1.1
	<b>154.3</b>	156.8	<b>154.3</b>	156.8

### 3. Research grants and contracts

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Research Councils	113.8	114.9	113.8	114.9
Charities	78.4	82.0	78.4	82.0
Government (UK and EU) and health authorities	53.8	51.7	53.8	51.7
European Commission	33.6	36.6	33.6	36.6
Industry and commerce	50.5	64.7	50.5	64.7
Other	17.6	18.1	17.6	18.1
	<b>347.7</b>	368.0	<b>347.7</b>	368.0

Research grants and contracts income includes £14.2 million (2019: £12.8 million) in respect of capital funding.

UK Government grants and contracts include a grant from the Department for International Development (DFID) to fund key strategic issues around agricultural transformation, growth, and food and nutrition security. The total amount of funding awarded for this project in 2018 was £1.2 million, with £0.7 million spent to date and £0.3 million recognised in the year.

### 4. Grant and fee income

	Note	Consolidated		College	
		Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Grant income from the OfS	2	29.2	28.5	29.2	28.5
Grant income from Research England	2	125.1	128.3	125.1	128.3
Grant income from other bodies	3	201.2	203.2	201.2	203.2
Fee income for taught awards		276.0	249.9	276.0	249.9
Fee income for research awards		24.7	26.1	24.7	26.1
Fee income from non-qualifying courses		37.0	37.2	37.0	37.2
		<b>693.2</b>	673.2	<b>693.2</b>	673.2

Grant income from other bodies comprises research awards from Research Councils, government and health authorities, and European Commission (Note 3).

Fee income for taught awards represents fee income for higher education courses and includes undergraduate and postgraduate taught awards. Fee income for research awards represents postgraduate research awards excluding grants made by Research Councils and other bodies in support of the training of research students. Fee income from non-qualifying courses represents fees for non-credit-bearing courses and research training support.

## Notes to the financial statements

For the year ended 31 July 2020

### 5. Other income

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Residences, catering and conferences	48.3	55.8	48.3	55.1
Consultancies and scientific services	19.6	18.8	4.7	4.3
Health and hospital authorities	24.1	23.8	24.1	23.8
Rents receivable from commercial property	15.0	14.6	10.3	9.1
Other revenue grants	5.8	6.3	6.1	6.7
Other departmental income	24.0	12.9	32.2	20.6
Other income	15.7	19.9	31.0	23.0
	152.5	152.1	156.7	142.6

Health and hospital authorities income relates to recharges for staff employed by the College where some of their salaries are reimbursed by the NHS for their work at NHS Trusts. Other departmental income includes £7.8 million royalty income realised on sale of technology transfer spinout Process System Enterprise and £4.4 million from our collaboration with Nanyang Technological University in Singapore as well as other sundry income related to activities undertaken by academic departments. Other income is received by non-academic departments for a range of services and facilities they provide, for example sport, car parking and the Early Years Education Centre.

The College elected to utilise the government's Coronavirus Job Retention Scheme, reflecting the downturn in activity across campus. This related primarily to employees in student-facing roles, resulting in a claim of £3.5 million for the year which is recognised as income above.

### 6. Investment income

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Interest and investment income on endowments	1.3	2.1	1.3	2.1
Other investment income	3.0	2.9	3.0	2.9
Interest on cash, cash equivalents and current investments	1.6	2.1	1.6	2.0
	5.9	7.1	5.9	7.0

### 7. Donations and endowments

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
New endowments	4.4	14.9	4.4	14.9
Donations with performance related conditions	0.9	2.4	0.9	2.4
Research donations	16.0	23.8	16.0	23.8
Capital donations	1.1	27.4	1.1	27.4
Other donations with restrictions	3.3	4.2	3.3	4.2
Unrestricted donations	2.6	3.9	2.6	3.8
	28.3	76.6	28.3	76.5

Where the College has a pledge supported either by a legal deed or a letter, the income is recognised on pledge, apart from donations with performance related conditions where income is only recognised on fulfilment of conditions specified in the gift agreements.

### 8. Staff costs

	Note	Consolidated		College	
		Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Staff costs</b>					
Salaries		451.2	429.1	448.4	424.4
Social security costs		48.8	46.8	48.8	46.8
Other pension costs	31	65.9	58.0	65.9	58.1
Restructuring costs		1.5	2.8	1.5	2.8
		567.4	536.7	564.6	532.1
<b>Pension provisions</b>					
USS	22	(71.5)	117.2	(71.5)	117.2
		(71.5)	117.2	(71.5)	117.2
		495.9	653.9	493.1	649.3

	Full-time equivalent (FTE)		Headcount	
	31 July 2020	31 July 2019	31 July 2020	31 July 2019
<b>Staff numbers by major category</b>				
Academic and Research	3,742	3,687	4,041	3,989
Professional services	3,039	3,040	3,295	3,293
Technical services	488	492	507	510
Operational services	391	397	456	491
Learning & Teaching	317	252	376	301
	7,977	7,868	8,675	8,584

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.

	Year ended 31 July 2020	Year ended 31 July 2019 Restated
	£000	£000
<b>Remuneration of the President</b>		
Basic salary	358.6	357.6
Voluntary salary reduction	(17.8)	-
Payments in lieu of pension contributions	46.6	46.5
Pension contributions to USS	7.2	7.5
Taxable benefits	20.5	24.5
<b>Total remuneration excluding non-taxable benefits</b>	415.1	436.1
Non-taxable benefits	112.3	112.0
<b>Total</b>	527.4	548.1

## Notes to the financial statements

For the year ended 31 July 2020

### 8. Staff costs (continued)

From April 2018 the President has elected to cease the accrual of pension benefits in USS but maintains life assurance and incapacity coverage in the scheme. In order to maintain the same overall remuneration, the President's salary was increased to compensate for the reduction in employer pension contributions. This was at no additional cost to the College.

Taxable benefits in kind comprise utilities, cleaning, maintenance and furnishings in respect of the President's official residence. The accommodation is necessary for the performance of the President's duties and is used regularly for the College's official functions. Non-taxable benefits represent additional cost the College incurred as a landlord of £3,250 (2019: £2,979) maintaining the property; this amount varies year-by-year based on the level of repairs required. The estimated market rent of the official residence has been derived from an assessment of the market rent that would have been received by the College if rented on the open market, adjusted for official use of the residence, for example for official functions or meetings regarding College business. This is £109,000 (2019: £109,000) and is also a non-taxable benefit that is included in the total remuneration of the President. The adjustment to market rent to account for official use is based on the floor space attributable to areas of the residence that are customarily used for College business (circa 16% of the residence) and are maintained in this manner. This is considered to be a more appropriate basis for adjusting the market rent, compared to the method used previously, and thus the value of the non-taxable benefit attributable to the residence in the prior year has been updated to align with this method of deriving the market rent for the residence. Previously, this was based on official functions which took place or were planned to take place during the year, assuming the entire residence was not available to the President during the functions. Using this method, the adjusted market rent would be £115,000 (2019: £115,000). It is the College's view that the representative occupier exemption means that no taxable benefit arises under the Income Tax (Earnings and Pensions) Act 2003 on the provision of accommodation to the President.

The College is committed to offering all staff, including the President, a pay and benefits package that is equitable, fair and appropriately reflects the College's standing. Imperial is one of the world's top ten academic institutions, competing and collaborating globally whilst also operating in the increasingly challenging and competitive global higher education environment. The President is the College's senior executive with ultimate responsibility for the performance, reputation and success of the organisation. They need to have prior senior leadership roles in similar world class organisations, a strong academic record and extensive experience in fundraising. To find candidates of this calibre we need to look internationally and not just restrict ourselves to the UK market. Prior to appointment, the total remuneration offered is set with reference to this global marketplace. Following appointment, this salary is then regularly benchmarked against UK peers to ensure the rate of progression remains appropriate (see further details of the benchmarks used in the Principles of Remuneration section of this report).

The President continues Imperial's strong trajectory with considerable influence in the policy arena, growing support from philanthropists and enhancing our ability to attract talent. This includes ensuring Imperial maintains a strategic focus, balancing the development of the White City Campus with investments in education, research and other parts of our Estate. At its meeting in November 2019 the Remuneration Committee reviewed the President's self-assessment of her progress against objectives on her 2018–19 goals. Members commended the President on her balanced assessment of progress, the successes and issues still in progress. The President was thanked for all her achievements and hard work over the past year. The Remuneration Committee decided that the President should receive the general pay award of £1,080 that was extended to all staff.

The President took a voluntary 20% reduction in her pay for six months from 1 May 2020, in recognition of the impact of the COVID-19 pandemic. The Provost did the same, with other members of the President's Board also volunteering for a pay reduction over the same period. The monies saved were allocated to hardship funds to provide one-off payments to staff and students experiencing extreme financial hardship due to the COVID-19 pandemic.

	Year ended 31 July 2020	Year ended 31 July 2019 Restated
<b>President's remuneration as multiple of the median pay for all other employees (on a FTE basis)</b>		
Multiple based on basic salary	8.52	9.41
Multiple based on total remuneration excl. non-taxable benefits	9.09	10.34
Multiple based on total remuneration	11.55	12.91

Ratios for year ended 31 July 2019 have been restated to comply with the OFS Accounts Direction published on 25 October 2019.

### Compensation for loss of office

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.

	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Compensation payable recorded within staff costs</b>	1.1	1.6

Payments for compensation for loss of office were payable to 217 employees in 2020 (2019: 272). Of this, a total £49,050 (2019: £119,156) was paid in severance payments to staff that earned in excess of £100,000 per annum (one in 2020, five in 2019).

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and the Group. 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 decrease in compensation in 2019–20 reflects changes in the composition of the Boards with combined membership for the year ended 31 July 2020 standing at 17 FTE (2019: 19 FTE).

	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Group and College key management personnel compensation</b>	5.0	5.6

### Trade Union (Facility Time Publication Requirements) Regulations

Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties.

The number of College employees who were Trade Union officials during the period 1 April 2019 to 31 March 2020 was 17 (2019: 19); these were all full-time College employees. The percentage of time spent by them on Facility Time fell in the 1 - 50% band. The cost of this activity amounts to £120,166 (2019: £138,291) representing 0.02% (2019: 0.03%) of the total pay bill in the relevant period. Of the total paid Facility Time, the proportion of hours spent on paid Trade Union activities was 9.1% (2019: 9.8%).

## Notes to the financial statements

For the year ended 31 July 2020

### 8. Staff costs (continued)

	Year ended 31 July 2020	Year ended 31 July 2019	Year ended 31 July 2020	Year ended 31 July 2019
	Headcount	Headcount	FTE	FTE Restated
<b>Remuneration of higher paid staff:</b>				
£100,000-£104,999	85	107	74.8	89.4
£105,000-£109,999	87	44	71.1	37.1
£110,000-£114,999	41	39	35.9	33.7
£115,000-£119,999	26	22	22.3	19.0
£120,000-£124,999	31	23	27.7	20.8
£125,000-£129,999	27	25	21.2	18.3
£130,000-£134,999	21	15	17.6	13.4
£135,000-£139,999	15	16	14.0	14.5
£140,000-£144,999	13	14	12.1	12.8
£145,000-£149,999	12	10	11.6	9.3
£150,000-£154,999	9	7	6.5	5.6
£155,000-£159,999	10	11	8.1	9.6
£160,000-£164,999	8	10	6.4	8.2
£165,000-£169,999	3	5	3.0	3.3
£170,000-£174,999	2	3	1.2	2.1
£175,000-£179,999	5	4	5.0	3.1
£180,000-£184,999	6	7	5.2	5.4
£185,000-£189,999	3	3	3.0	2.1
£190,000-£194,999	6	8	6.0	8.0
£195,000-£199,999	5	3	4.5	2.7
£200,000-£204,999	2	-	2.0	-
£205,000-£209,999	1	-	1.0	-
£215,000-£219,999	2	2	2.0	1.0
£220,000-£224,999	1	1	1.0	1.0
£225,000-£229,999	2	3	1.6	2.3
£230,000-£234,999	-	1	-	1.0
£235,000-£239,999	3	2	2.5	2.0
£240,000-£244,999	2	2	2.0	1.9
£245,000-£249,999	3	2	2.3	0.2
£250,000-£254,999	-	1	-	1.0
£260,000-£264,999	1	1	0.2	0.2
£265,000-£269,999	-	1	-	1.0
£270,000-£274,999	-	-	-	-
£275,000-£279,999	2	2	2.0	1.9
£280,000-£284,999	-	-	-	-
£285,000-£289,999	1	1	1.0	1.0
£290,000-£294,999	1	-	0.6	-
£300,000-£304,999	-	1	-	1.0
£305,000-£309,999	1	1	0.5	0.1
£310,000-£314,999	-	1	-	1.0
£315,000-£319,999	1	-	1.0	-
£320,000-£324,999	1	-	1.0	-
£340,000-£344,999	1	-	1.0	-
£345,000-£349,999	1	-	1.0	-
£355,000-£359,999	-	2	-	2.0
£365,000-£369,999	1	-	0.1	-
£400,000-£404,999	1	-	1.0	-
£410,000-£414,999	-	1	-	1.0
£430,000-£434,999	1	-	0.1	-
	444	401	381.1	338.0

Remuneration of higher paid staff is the full-time equivalent basic annual salary prior to any adjustment for salary sacrifice. The number of staff is calculated on a full-time equivalent basis. Staff who joined or left part-way through a year but who would have received salary in these bands in a full year are not included unless the salary that they received for the portion of the year they were employed by the College exceeded £100k, in which case they are included in the pay band corresponding to what they received. Where a proportion of the salary is reimbursed by the NHS, only the portion paid by the College is disclosed. 2019-20 remuneration is shown after a voluntary salary reduction which some staff took as a result of COVID-19. The monies saved were allocated to hardship funds to provide one-off payments to staff and students experiencing extreme financial hardship due to the COVID-19 pandemic.

FTE numbers for year ended 31 July 2019 have been restated to comply with the OfS Accounts Direction published on 25 October 2019.

### 9. Interest and other finance costs

	Consolidated		College	
	Year ended 31 July 2020	Year ended 31 July 2019	Year ended 31 July 2020	Year ended 31 July 2019
	£m	£m	£m	£m
Loan interest	14.0	14.2	14.1	14.3
Finance lease interest	4.7	4.8	4.7	4.8
Other financing costs	3.0	1.4	3.0	1.4
	21.7	20.4	21.8	20.5

### 10. Analysis of total expenditure by activity

	Staff costs £m	Depreciation £m	Other operating expenses £m	Interest £m	Consolidated	College
					Total £m	Total £m
<b>2020</b>						
Academic departments	266.6	2.7	80.1	0.2	349.6	350.2
Research grants and contracts	166.3	9.2	85.5	-	261.0	261.3
Academic services	35.4	0.1	27.1	-	62.6	60.6
Bursaries and scholarships	-	-	42.2	-	42.2	42.2
Administration and central services	58.3	1.5	34.7	-	94.5	94.4
Premises	16.7	55.9	65.1	-	137.7	131.8
Residences, catering and conferences	9.2	10.3	19.7	4.8	44.0	44.0
Other expenditure	(56.6)	-	9.9	16.7	(30.0)	(17.3)
Total	495.9	79.7	364.3	21.7	961.6	967.2
<b>2019</b>						
Academic departments	250.1	2.2	72.7	0.2	325.2	325.5
Research grants and contracts	163.2	11.9	112.0	-	287.1	287.3
Academic services	32.5	0.4	26.3	-	59.2	58.5
Bursaries and scholarships	-	-	41.8	-	41.8	41.7
Administration and central services	53.1	0.1	27.2	-	80.4	80.0
Premises	16.0	53.8	65.5	-	135.3	126.3
Residences, catering and conferences	8.9	10.5	21.1	4.8	45.3	44.7
Other expenditure	130.1	-	9.8	15.4	155.3	149.2
Total	653.9	78.9	376.4	20.4	1,129.6	1,113.2

Other staff costs expenditure includes movement in USS pension provision of £71.5 million credit in 2020 (2019: £117.2 million debit) as disclosed in notes 8 and 22.

## Notes to the financial statements

For the year ended 31 July 2020

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

	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
<b>Other operating expenses include:</b>		
External auditors remuneration in respect of audit services	275.0	215.4
External auditors remuneration in respect of prior year audit services	26.1	21.6
External auditors remuneration in respect of non-audit services	145.7	40.7

### 11. Access and participation expenditure

	Consolidated and College		
	Year ended 31 July 2020		
	Staff costs £m	Other operating expenses £m	Total £m
Access investment	1.2	0.6	1.8
Financial support	0.1	6.8	6.9
Disability support	0.8	0.2	1.0
Research and evaluation	0.1	-	0.1
	2.2	7.6	9.8

All universities wishing to charge full fees to domestic undergraduate students have to produce access and participation plans which set out how they will improve equality of opportunity for underrepresented groups to access, succeed in and progress from higher education. These must be approved by the Director for Fair Access and Participation at the Office for Students. The access and participation expenditure stated above includes that related to the delivery of the College's approved plans. Support for disabled students includes expenditure delivered through targeted College activities and services only, such as the Disability Advisory Service, which supports all students at all levels of study. Disabled students also receive support through other College services not included here as it is not possible to disaggregate these.

There are no comparative figures for the prior year, as access and participation plans were not in place prior to 1 August 2019. Previously, higher education institutions were required to have access agreements. Spend across the years under the different regulatory regimes is not comparable.

Staff costs above are already included in the overall staff costs figures reported in these financial statements (see Note 8).

The College's access and participations plan, which does not form part of these financial statements, is published on the College's website: [www.imperial.ac.uk/media/imperial-college/administration-and-support-services/registry/academic-governance/public/academic-policy/admissions/19-entry/ImperialCollegeLondon\\_APP\\_2019-2020\\_V1\\_10003270.pdf](http://www.imperial.ac.uk/media/imperial-college/administration-and-support-services/registry/academic-governance/public/academic-policy/admissions/19-entry/ImperialCollegeLondon_APP_2019-2020_V1_10003270.pdf)

### 12. 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
<b>Consolidated</b>					
<b>Cost</b>					
At 1 August 2019	1,049.9	846.3	312.7	325.1	2,534.0
Additions	8.7	12.0	12.8	105.3	138.8
Transfer to investment property	(10.9)	-	-	(111.7)	(122.6)
Transfers between classes	142.8	1.8	36.6	(181.2)	-
Disposals	(45.1)	-	(3.0)	-	(48.1)
<b>At 31 July 2020</b>	1,145.4	860.1	359.1	137.5	2,502.1
<b>Accumulated depreciation</b>					
At 1 August 2019	225.4	335.3	261.1	-	821.8
Charge for the period	28.0	31.4	20.3	-	79.7
Disposals	(31.6)	(0.6)	(2.7)	-	(34.9)
<b>At 31 July 2020</b>	221.8	366.1	278.7	-	866.6
<b>Net book value</b>					
<b>At 31 July 2020</b>	923.6	494.0	80.4	137.5	1,635.5
At 31 July 2019	824.5	511.0	51.6	325.1	1,712.2
<b>College</b>					
<b>Cost</b>					
At 1 August 2019	1,046.0	837.7	312.8	330.8	2,527.3
Additions	8.7	5.2	12.7	107.8	134.4
Transfer to investment property	(10.9)	-	-	(111.7)	(122.6)
Transfers between classes	142.8	1.8	36.6	(181.2)	-
Disposals	(41.9)	-	(3.0)	-	(44.9)
<b>At 31 July 2020</b>	1,144.7	844.7	359.1	145.7	2,494.2
<b>Accumulated depreciation</b>					
At 1 August 2019	222.1	330.9	261.3	-	814.3
Charge for the period	28.0	30.4	20.3	-	78.7
Disposals	(29.0)	-	(2.7)	-	(31.7)
<b>At 31 July 2020</b>	221.1	361.3	278.9	-	861.3
<b>Net book value</b>					
<b>At 31 July 2020</b>	923.6	483.4	80.2	145.7	1,632.9
At 31 July 2019	823.9	506.8	51.5	330.8	1,713.0

At 31 July 2020, freehold land and buildings included £207.4 million (2019: £218.3 million) in respect of freehold land which is not depreciated.

During the year the College disposed of the Medical School Building at St Mary's Hospital, included above at a cost of £44.1 million and accumulated depreciation of £30.9 million, recognising a gain in the year of £70.8 million.

Transfers to investment property include £10.9 million land and £111.7 million assets in the course of construction in respect of two properties that are intended for private residential and key worker accommodation. The additions to these assets during the year included above were £14.7 million.

## Notes to the financial statements

For the year ended 31 July 2020

### 12. Fixed assets (continued)

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 on a 125 year lease which is held at a value of £1.7 million.

Consolidated and College leasehold land and buildings include assets held under finance leases as follows:

	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Cost	95.6	95.6
Accumulated depreciation	(16.2)	(14.1)
Charge for year	(2.1)	(2.1)
<b>Net book value</b>	<b>77.3</b>	<b>79.4</b>

Included at cost within land and buildings for the College and Group as at 31 July 2020 is a heritage asset, being the nineteenth-century built Queen's Tower. It has negligible carrying value and is currently insured at a value of £15.0 million (2019: £15.0 million). The College owns other works of art, with negligible cost when acquired and insured at a value of £0.5 million, which are not included above.

### 13. Non-current investments

	Marketable investments £m	Investment property £m	Non-listed investments £m	Subsidiary companies £m	Total £m
<b>Consolidated</b>					
At 1 August 2019	328.1	165.7	43.0	-	536.8
Additions	46.6	1.0	16.4	-	64.0
Transfer from other assets	-	122.6	6.0	-	128.6
Disposals	(17.9)	(15.7)	(0.5)	-	(34.1)
(Loss)/gain on market movements	(6.6)	(2.6)	0.2	-	(9.0)
Impairment	-	-	(0.8)	-	(0.8)
<b>At 31 July 2020</b>	<b>350.2</b>	<b>271.0</b>	<b>64.3</b>	<b>-</b>	<b>685.5</b>
<b>College</b>					
At 1 August 2019	328.1	165.7	43.0	54.1	590.9
Additions	46.6	1.0	16.4	-	64.0
Transfer from other assets	-	122.6	6.0	-	128.6
Disposals	(17.9)	(15.7)	(0.5)	-	(34.1)
(Loss)/gain on market movements	(6.6)	(2.6)	0.2	-	(9.0)
Impairment	-	-	(0.8)	(18.4)	(19.2)
<b>At 31 July 2020</b>	<b>350.2</b>	<b>271.0</b>	<b>64.3</b>	<b>35.7</b>	<b>721.2</b>

Marketable investments as at 31 July 2020 comprise £285.8 million listed equity, £49.8 million cash and bonds, and £14.6 million of listed alternative investments.

Non-listed investments as at 31 July 2020 comprise £38.5 million unlisted equity, of which £37 million is in The Francis Crick Institute Ltd, and £25.8 million in private loans.

### 14. Investments in joint ventures

Imperial College Thinkspace Limited has invested £4.3 million this year (2019: £3.0 million) in Scale Space LLP (49.9%), a joint venture partnership with Accelerate Property Feeder Ltd (a subsidiary of Blenheim Chalcot LTF Limited), with up to a further £2.2 million committed. The joint venture is constructing business innovation space at our White City campus. The College has also provided a £21.8 million arm's length loan to the joint venture (2019: £6.0 million), with up to a further £6.5 million committed. Scale Space LLP is accounted for on the equity basis with the College's share of net assets of £5.7 million as at 31 July 2020 (2019: £2.3 million) and a share of losses relating to ongoing operations of £1.0 million (2019: £0.6 million).

### 15. Investments in associates

Associates are consolidated using the equity method.

At the beginning of the year the College had a 39% 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 2020 was £5.1 million (31 July 2019: £6.3 million), with a £1.2 million share of the loss for the year ended 31 July 2020 recognised in the statement of comprehensive income and expenditure (2019: £1.9 million loss) relating solely to ongoing operations. The cost of the investment recognised by the College at 31 July 2020 was £9.2 million (31 July 2019: £9.2 million). In 2019–20 the College entered into one new loan agreement to provide the company with £1.0 million. The total amount loaned to the company is £1.0 million (31 July 2019: £0.8 million).

### 16. Subsidiary undertakings

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

Company	Principal activity	Holding %
Burlington Danes Construction Ltd	Construction and property services	100
I C Consultants Ltd	Consultancy and scientific services	100
Imperial Activities Ltd	Commercial property services	100
Imperial College Developments Ltd	Development of building projects	100
Imperial College London Ltd	Dormant	100
Imperial College Projects Ltd	Provision of scientific services	100
Imperial College ThinkSpace Ltd	Provision of facilities to spin-out companies	100
Imperial MBA Ltd	Dormant	100
Imperial College Innovations Ltd	Commercialising & supporting spin-out companies	100
Wye Foundation Trust	Charitable Trust	100

## Notes to the financial statements

For the year ended 31 July 2020

### 17. Trade and other receivables

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Research grants and contracts – receivables	36.7	21.8	36.7	21.8
Research grants and contracts – work in progress	66.7	64.1	66.7	64.1
Other trade receivables	88.7	118.2	81.4	114.0
Prepayments, accrued income and other receivables	68.7	75.1	66.4	72.3
Amounts due from subsidiary companies	-	-	12.1	8.9
Amounts due from associate companies and joint ventures	1.0	6.9	1.0	6.9
	<b>261.8</b>	<b>286.1</b>	<b>264.3</b>	<b>288.0</b>
<b>Amounts due after more than one year included above</b>	<b>18.4</b>	<b>36.7</b>	<b>19.9</b>	<b>38.2</b>

Included within Other trade receivables are invoices totalling £66.3 million (2019: £91.5 million) 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.

### 18. Current investments

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
<b>Deposits</b>	<b>0.9</b>	<b>0.6</b>	<b>0.9</b>	<b>0.6</b>

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 2020 the weighted average interest rate of these fixed rate deposits was 0.52% per annum. The fair value of these deposits was not materially different from their book value.

### 19. Creditors : amounts falling due within one year

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Bank overdraft	-	-	-	18.0
Unsecured loans	12.1	9.0	12.1	9.0
Obligations under finance leases	0.8	0.8	0.8	0.8
Deferred lease premiums	0.3	0.3	0.3	0.3
Research payments received on account	255.8	226.1	255.8	226.1
Trade payables	30.9	30.6	23.7	19.5
Social security and other taxation payable	14.7	12.5	15.1	13.2
Accruals, deferred income and other creditors	251.4	251.3	239.4	238.4
Amounts due to subsidiary companies	-	-	6.0	7.5
Amounts due to associate companies and joint ventures	-	-	-	0.1
Derivatives	0.3	-	0.3	-
	<b>566.3</b>	<b>530.6</b>	<b>553.5</b>	<b>532.9</b>

#### Deferred income

Included within accruals, deferred income and other creditors are the following items of income which have been deferred.

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Income with performance related conditions	37.5	30.9	37.5	30.9
Other income	121.9	139.0	117.4	134.3
	<b>159.4</b>	<b>169.9</b>	<b>154.9</b>	<b>165.2</b>

Included within other income are deferred tuition fees totalling £91.2 million (2019: £106.7 million) in respect of courses starting in the next financial year.

## Notes to the financial statements

For the year ended 31 July 2020

### 20. Creditors : amounts falling due after more than one year

	Consolidated		College	
	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m	Year ended 31 July 2020 £m	Year ended 31 July 2019 £m
Obligations under finance lease	87.7	88.5	87.7	88.5
Deferred lease premiums	11.1	11.4	11.1	11.4
Unsecured loans	435.0	447.1	435.0	447.1
	<b>533.8</b>	<b>547.0</b>	<b>533.8</b>	<b>547.0</b>

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

	Lease premiums £m	Bank loans £m	Finance leases £m	2020 £m	2019 £m
Due within one year or on demand (Note 19)	0.3	12.1	0.8	13.2	10.1
In more than one year but no more than two years	0.3	10.2	0.9	11.4	13.2
In more than two years but no more than five years	1.0	22.9	3.0	26.9	30.6
In more than five years	9.8	401.9	83.8	495.5	503.2
<b>Total unsecured loans and finance lease obligations</b>	<b>11.4</b>	<b>447.1</b>	<b>88.5</b>	<b>547.0</b>	<b>557.1</b>
Less than one year	(0.3)	(12.1)	(0.8)	(13.2)	(10.1)
<b>Due after more than one year</b>	<b>11.1</b>	<b>435.0</b>	<b>87.7</b>	<b>533.8</b>	<b>547.0</b>

The bank loans comprise the following unsecured sterling borrowing facilities:

	Outstanding amount drawn £m	Original amount £m	Interest rate %	Date drawn	Term Years
<b>Lender</b>					
Private Placement	50.0	50.0	5.39	Mar-03	30
EIB	1.9	23.2	floating	Dec-05	15
Private Placement	50.0	50.0	4.84	Jul-06	50
EIB	11.6	50.0	floating	May-08	15
EIB	63.6	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
	<b>447.1</b>	<b>513.2</b>			

### 21. Reconciliation of net debt

	Consolidated			
	1 August 2019 £m	Cash flows £m	Non-cash changes £m	31 July 2020 £m
Cash in hand	292.3	26.9	(1.8)	317.4
Current investments	0.6	0.3	-	0.9
Debt due within one year	(9.0)	9.0	(12.1)	(12.1)
Debt due after one year	(447.1)	-	12.1	(435.0)
Finance leases due within one year	(0.8)	0.8	(0.8)	(0.8)
Finance leases due after one year	(88.5)	-	0.8	(87.7)
<b>Net debt</b>	<b>(252.5)</b>	<b>37.0</b>	<b>(1.8)</b>	<b>(217.3)</b>

### 22. Provisions for liabilities

	Obligation to fund deficit on USS pension £m	Corporate £m	Decommissioning of Engineering facility £m	Total other £m
<b>Consolidated and College</b>				
At 1 August 2019	179.8	1.1	4.2	5.3
Utilised in period	(3.8)	(0.2)	(4.4)	(4.6)
Movement in period	(68.6)	2.7	4.1	6.8
<b>At 31 July 2020</b>	<b>107.4</b>	<b>3.6</b>	<b>3.9</b>	<b>7.5</b>

#### 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. A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6% through to the end of the period at 31 March 2028. The 2020 deficit recovery liability reflects this plan.

There has been a £72.4 million fall in the value of the deficit recovery provision from last year, almost all of which is driven by a £71.5 million reduction in the present value of expected contributions offset by a finance charge of £2.9 million, relating to the unwind of the provision. The discount rate, as provided by the scheme actuary, Mercer, has also been updated which contributes £4.2 million of the reduction in the present value of expected contributions. 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. They determined that assumed future salary increases will be slightly lower due to a reduction in long-term forecasts of the consumer price index (CPI), contributing £1.1 million to the reduction in the present value of expected contributions. Key assumptions are set out below.

The major assumptions used to calculate the obligation are:

	2020	2019
Discount rate	0.73%	1.58%
Salary growth	2.4% - 3.0%	2.79% - 3.12%
	<b>2.73% long term rate</b>	<b>2.95% long term rate</b>
USS membership growth	Nil	Nil

The methodology for the USS membership growth assumption looks at both historic College USS membership trends and expected future growth of USS eligible staff. Membership has been stable this year. Acknowledging the ambiguity around contributions rates and the uncertainty of the future economic environment, the College has decided to maintain a year-on-year growth of 0% for the duration of the deficit recovery period.



## Notes to the financial statements

For the year ended 31 July 2020

### 22. Provisions for liabilities (continued)

#### Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2020	Approximate impact
0.5% pa decrease in discount rate	+£2.6m
0.5% pa increase/(decrease) in salary inflation in each year of the deficit recovery period (8 years)	+ /- £2.5m
0.5% increase/(decrease) in scheme membership each year of the deficit recovery plan (8 years)	+ /- £2.6m
1% increase in deficit contributions from October 2021	+£17.0m
1 year increase in deficit recovery period	+£16.8m

#### Other

The decommissioning provision increase this year was partly due to COVID-19 halting work temporarily. An unforeseen volume of radioactive material has further added to these costs. Work recommenced in June 2020 and this is expected to complete by April 2021 if no further delays materialise. The Corporate provision relates to potential tax liabilities relating to overseas employees. Also part of Corporate, added this year, are the expected costs to be incurred by the College for the cladding remedial works for a property commencing during 2020–21.

### 23. Endowment reserves

Consolidated and College restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £m	Unrestricted permanent endowments £m	Total permanent endowments £m	Expendable endowments £m	2020	2019
					Total endowments £m	Total endowments £m
<b>Balances at 1 August</b>						
Capital	106.0	13.9	119.9	85.5	205.4	180.0
Accumulated income	(4.2)	(0.1)	(4.3)	(23.0)	(27.3)	(22.9)
	101.8	13.8	115.6	62.5	178.1	157.1
New endowments	2.9	-	2.9	1.5	4.4	14.9
Investment income	1.7	0.2	1.9	0.9	2.8	2.1
Expenditure	(2.1)	(0.2)	(2.3)	(3.3)	(5.6)	(6.5)
	(0.4)	-	(0.4)	(2.4)	(2.8)	(4.4)
Realised loss on sale of investments (Decrease)/increase in market value of investments	(0.3)	-	(0.3)	(0.2)	(0.5)	-
	(2.0)	(0.2)	(2.2)	(1.0)	(3.2)	10.5
<b>At 31 July</b>	<b>102.0</b>	<b>13.6</b>	<b>115.6</b>	<b>60.4</b>	<b>176.0</b>	<b>178.1</b>
Represented by:						
Capital	106.6	13.7	120.3	85.8	206.1	205.4
Accumulated income	(4.6)	(0.1)	(4.7)	(25.4)	(30.1)	(27.3)
	102.0	13.6	115.6	60.4	176.0	178.1

### 23. Endowment reserves (continued)

Analysis by asset	2020	2019
	Total £m	Total £m
Non-current investments	105.4	145.0
Investment property	37.3	-
Accrued income	1.6	7.5
Current liabilities	(0.1)	(0.4)
Cash & cash equivalents	31.8	26.0
	<b>176.0</b>	<b>178.1</b>

Included within endowments are a number of permanent funds with a deficit of accumulated income as at 31 July 2020. Within unrestricted permanent endowments there are three funds with a combined deficit balance of £0.1 million (2019: 4 funds with a deficit totalling £0.2 million). Within restricted permanent endowments there are 82 individual funds with a total combined deficit of £7.3 million (2019: 80 funds with a total combined deficit of £7.2 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.

### 24. Restricted reserves

Reserves with restrictions are as follows:

Consolidated	Capital £m	Research £m	Other £m	2020 Total £m	2019 Total £m
	Balances at 1 August	27.2	41.1	33.0	101.3
New Funding Council grants	14.4	-	-	14.4	25.6
New income / donations	1.1	17.8	4.6	23.5	58.7
Investment income	-	-	-	-	0.1
Expenditure	(19.6)	(11.1)	(23.2)	(53.9)	(55.4)
	(4.1)	6.7	(18.6)	(16.0)	29.0
<b>At 31 July</b>	<b>23.1</b>	<b>47.8</b>	<b>14.4</b>	<b>85.3</b>	<b>101.3</b>
College	Capital £m	Research £m	Other £m	2020 Total £m	2019 Total £m
Balances at 1 August	27.2	41.1	39.1	107.4	72.4
New Funding Council grants	14.4	-	-	14.4	25.6
New income / donations	1.1	17.8	6.7	25.6	60.7
Investment income	-	-	-	-	0.1
Expenditure	(19.6)	(11.1)	(23.2)	(53.9)	(51.4)
	(4.1)	6.7	(16.5)	(13.9)	35.0
<b>At 31 July</b>	<b>23.1</b>	<b>47.8</b>	<b>22.6</b>	<b>93.5</b>	<b>107.4</b>

## Notes to the financial statements

For the year ended 31 July 2020

### 25. Capital and other commitments

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

	Consolidated		College	
	2020 £m	2019 £m	2020 £m	2019 £m
Capital commitments for major building projects contracted for at 31 July	30.7	119.0	30.7	114.3

### 26. Contingent liabilities

Other than the overage payment discussed in note 33, the College is subject to a number of overage clauses and other matters for which the outcomes are uncertain and the likelihood of occurrence is considered remote or the potential outflows are not material to the College and Group.

### 27. Lease payables

	2020 £m	2019 £m
Total rentals payable under operating leases:		
Future minimum lease payments due:		
Not later than one year	7.5	6.1
Later than one year and not later than five years	27.9	24.2
Later than five years	125.2	127.2
Total lease payments due	160.6	157.5

Lease payments recognised as an expense in the year totalled £6.1 million (2019: £6.0 million).

### 28. Lease receivables

	2020 £m	2019 £m
Total rentals receivable under operating leases:		
Future minimum lease payments due:		
Not later than one year	13.1	9.5
Later than one year and not later than five years	39.1	32.5
Later than five years	56.5	63.0
Total lease payments due	108.7	105.0

Lease receivables include a new contract in 2019 for a lease of some properties at South Kensington campus over a 40 year period. Receivables are only included for 20 years since the tenant has the option to terminate the lease at this point.

### 29. Related party transactions

The College maintains a Register of Interests of all Council members, academic and professional services staff. Policies incorporated within the College's Financial Ordinances require an individual to declare an interest and withdraw from any commercial discussions should a conflict of interest potentially arise. Written assurances are obtained from Council members and senior officers of the College in respect of themselves and their close family periodically that 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 £3.5 million and invoiced receivables amounting to £31.5 million from related parties. At the year end £5.9 million was outstanding and included in debtors. Purchases of £2.8 million and invoiced receivables of £2.2 million relate to the transactions with companies in which the key management personnel declared interest. Invoiced receivables include £25.6 million from the Wellcome Trust where Mr Nick Moakes, Chair of Endowment Board until 23 March 2020, is a Managing Partner of Investments and Chief Investment Officer. 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.

A number of College employees 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. Louise Lindsay, Director of Human Resources and Organisational Change until 31 May 2020, has been a director of the SAUL pension scheme since January 2015. Transactions with these entities are not included in the aggregate numbers above but are included in notes 3 and 5.

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 Council member, who are trustees for the purpose of charity law, has received any remuneration or waived payments from the College during the year in respect of their services as a trustee (2019: Nil).

The total expenses paid to or on behalf of three trustees were £2,131 (2019: £3,984 to three trustees). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and charity events in their official capacity.

### 30. 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
<b>Consolidated</b>					
Prize Funds (two funds)	393	6	(9)	(9)	381
Research support (two funds)	2,394	40	(8)	(60)	2,366
Student support (one fund)	3,664	58	(67)	(85)	3,570
	6,451	104	(84)	(154)	6,317

# Notes to the financial statements

For the year ended 31 July 2020

## 31. 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).

### 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, above a threshold amount of salary. The assets of the scheme are held in a separate fund administered by the Trustee.

The total cost for the College for the year ended 31 July 2020 was £49.0 million (2019: £42.0 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 complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion. The assets were therefore sufficient to cover 95% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

Following the 2018 actuarial valuation a new deficit recovery plan was agreed. This amended the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. The plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. The 31 March 2020 valuation is in progress.

The defined benefit liability to be recognised by the College in respect of the deficit contributions due to USS is £107.4 million as at 31 July 2020 (£179.8 million as at 31 July 2019). 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 22).

The overall position of the scheme, calculated on a basis consistent with the requirements of FRS 102, are presented below. The defined benefit liability numbers for the scheme have been produced using the following assumptions:

	31 March 2020	31 March 2019
Life expectancy:		
Males (females) currently aged 65 (years)	24.4 (25.9)	24.6 (26.1)
Males (females) currently aged 45 (years)	26.3 (27.7)	26.6 (27.9)
<b>Existing scheme's benefits:</b>		
Scheme assets	£66.5bn	£67.4bn
FRS 102 liabilities	£79.7bn	£79.2bn
FRS 102 deficit	£13.2bn	£11.8bn
FRS 102 funding level	83%	85%

Note that the FRS 102 funding level is based on accounting rules. 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 currently build up on a Career Average Revalued Earnings ("CARE") basis. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020. At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the employers have agreed that the ongoing employer's contributions will continue at a rate of 16% of CARE Salaries.

The defined benefit liability of £1.6 million as at 31 July 2017 was recognised by the College in respect of the deficit contributions due to SAUL. The deficit period was agreed to expire on 31 March 2018 and therefore the provision was fully unwound in 2017–18.

### 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.

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 2016. 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 and financial 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.

Current employer contributions are set at 14.38%, with member contributions ranging between 5.0% and 14.5% depending on salary. The results of the latest actuarial valuation completed as at 31 March 2016 set the employer contribution rate payable from April 2019. The Department of Health and Social Care (DHSC) laid Scheme Regulations confirming that the employer contribution rate increased to 20.6% of pensionable pay from this date. Under transitional arrangements, the College will be required to pay additional 1.8% (2019: 1.8%) contributions for period from April 2020 in 2020–21, with the remaining 4.4% (2019: 4.4%) being settled by DHSC and NHS making central payments directly to the scheme. 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. Given that none of the contributions relate to funding a deficit in the scheme, no provision is recognised for future contributions to the scheme.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause has been lifted, and so the cost control element of the 2016 valuations can now be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT will be preparing valuation directions setting out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuaries Department will now review the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives, with the review reporting in time for the completion of the 2020 actuarial valuations.

## Notes to the financial statements

For the year ended 31 July 2020

### 31. Pension schemes (continued)

#### 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 2019 by a qualified independent actuary.

The liabilities set out in this note have been calculated based on the results of the full Scheme Funding Assessment as at 31 March 2019. 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 2019 funding assessment, whereby it was expected that no contributions would be required for the five year period commencing 1 July 2020. The disclosures set out below are based on calculations carried out as at 31 July 2020 by an independent qualified actuary.

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

	2020	2019
	£m	£m
<b>Changes in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation	(4.4)	(4.4)
Interest cost on obligation	(0.1)	(0.1)
Administration costs	(0.1)	(0.2)
Remeasurement gains and (losses) – Actuarial losses	(0.4)	(0.1)
Benefits paid including expenses	0.5	0.4
<b>Closing defined benefit obligation</b>	<b>(4.5)</b>	<b>(4.4)</b>
	2020	2019
	£m	£m
<b>Changes in the fair value of scheme assets</b>		
Opening fair value of assets	6.8	6.6
Interest income	0.1	0.2
Remeasurement gains and (losses) – Return on scheme assets excluding interest income	0.1	0.4
Benefits paid including expenses	(0.4)	(0.4)
<b>Closing fair value of scheme assets</b>	<b>6.6</b>	<b>6.8</b>
	2020	2019
	£m	£m
<b>Total expense recognised in income and expenditure</b>		
Administration expenses	0.1	0.2
	2020	2019
<b>Major categories of scheme assets as a percentage of total scheme assets</b>		
Gilts	67.7%	66.0%
Corporate bonds	17.2%	16.5%
Insured annuity contracts	0.8%	0.8%
Cash	14.3%	16.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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 annuity contracts.

	2020	2019
	£m	£m
<b>Reconciliation of the present value of scheme liabilities and fair value of assets to the asset recognised in the balance sheet</b>		
Fair value of assets	6.6	6.8
Value of liabilities	(4.5)	(4.4)
Funded status	2.1	2.4
Unrecognised pension asset	2.1	2.4
	2020	2019
	£m	£m
<b>Total amounts recognised in other comprehensive income</b>		
Actual return on scheme assets – gains and (losses)	0.2	0.6
less: amounts included in net interest on the net defined benefit liability	(0.1)	(0.2)
Remeasurement gains and (losses) – Return on scheme assets excluding interest income	0.1	0.4
Remeasurement gains and (losses) – Actuarial losses	(0.4)	(0.1)
Surplus restriction	0.3	(0.3)
<b>Other comprehensive income gains/(losses)</b>	<b>-</b>	<b>-</b>

	2020	2019
<b>Assumptions</b>		
Discount rate	1.4%	2.1%
Aggregate long-term expected rate of return on assets (net of expenses)	1.4%	2.1%
Retail Prices Index (RPI) Inflation	2.8%	3.1%
Consumer Prices Index (CPI) Inflation	2.0%	2.1%
Future statutory revaluation of pensions in deferment	2.0%	2.1%
Pensions in payment, increasing by CPI capped at 5% p.a.	2.1%	2.1%
Post retirement mortality assumption	S3PXA	90% of S2PXA

#### Scheme contributions

		2020	2019
	Note	£m	£m
<b>The pension costs for the College and its subsidiaries under FRS 102 were:</b>			
Contributions to USS		49.0	42.0
Contributions to SAUL		16.4	15.4
Contributions to NHS		4.3	4.3
<b>Total contributions payable</b>		<b>69.7</b>	<b>61.7</b>
Contributions towards USS deficit	22	(3.8)	(3.7)
<b>Total contributions recognised in staff costs</b>		<b>65.9</b>	<b>58.0</b>

## Notes to the financial statements

For the year ended 31 July 2020

### 32. Financial instruments

The Group holds the following financial instruments at fair value:

		2020	2019
Financial assets measured at fair value through income and expenditure	Note	£m	£m
Marketable non-current investments	13	350.2	328.1
		350.2	328.1
Financial liabilities measured at fair value through income and expenditure			
Derivatives	19	(0.3)	-
		(0.3)	-

### 33. Events after the reporting period

The College completed the sale of Centre House to St James Group (part of the Berkley Group) on 1 October 2020. The College received £28.6 million on completion with a minimum £16.4 million in instalments over the next few years, as well as the delivery of 68,234 sqft of affordable housing for College keyworkers and over 10,000 sqft of commercial space expected to be completed by 2025. The sale triggered a VAT payment of £12.4 million and an overage payment which is being reviewed.

