



# **Financial Statements 2017**

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Council Membership

From 1 August 2016 to 31 July 2017 (up to and including 21 November 2017)

#### Independent Members

Mr Michael Draper	Chair of Council (from 1 May 2017)
Professor Michael Spyer	Chair of Council (until 30 April 2017)
Mr Anthony Bicknell	
Mr David Carter	(From 1 October 2016)
Professor Barry Gusterson	(Until 30 September 2016)
Professor Sian Harding	(From 1 November 2016)
Sir David Henshaw	(Until 31 March 2017)
Mr Don Kennedy	(Until 31 December 2016)
Dr Rima Makarem	(From 1 October 2016)
Mrs Gillian Norton	(From 1 July 2017)
Ms Sue Rimmer	
Professor Steven Spier	(From 1 November 2016)
Mr Michael Stevens	(Until 30 September 2016)
Ms Catherine Swarbrick	
Mr Graham Turner	(Until 30 September 2016)
Professor Julius Weinberg	(Until 30 September 2016)
Mr Ewart Wooldridge	
Dr Sally Worth	(From 1 October 2016)

#### Internal Members

Professor Jenny Higham	Principal	
Professor Nigel Brown	Deputy Principal	(Until 30 September 2016)
Professor Mark Fisher	Deputy Principal (Research)	
Professor Jane Saffell	Deputy Principal (Education)	(From 1 October 2016)
Professor Deborah Bowman	Deputy Principal (Institutional Affairs)	(From 1 July 2017)
Dr Aileen O'Brien	Dean for Students	
Professor Anne-Marie Reid	Dean of Teaching & Learning	(Until 20 July 2017)
Professor David Strachan	Elected member of academic staff	(Until 30 September 2017)
Dr John Hammond	Elected member of academic staff	(From 1 October 2017)
Mr Derek McKee	Elected member of support staff	
Mr Sam Khavandi	Student's Union President	(From 1 August 2017)
Mr Corey Briffa	Student's Union President	(Until 31 July 2017)
	Student Representative	(From 1 August 2017)

#### In attendance

Ms Nicola Arnold	Director of Finance
Mr Derek Bannister	Director of Estates & Facilities
Ms Sarita Godber	Director of Human Resources & Organisational Development
Mr Paul Ratcliffe	Chief Operating Officer
Ms Susan Trubshaw	Clerk to Council & Director of Governance, Legal & Assurance Services

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Strategic Review

#### Nature of the Institution

St George's, University of London (SGUL), whose forebear was established in 1733, is distinctive as the UK's only dedicated medicine and health sciences institution. Sharing its campus with St George's University Hospital NHS Foundation Trust (St George's NHS Trust), it integrates research, education and healthcare practice which contributes to SGUL's distinctive character.

Its ability to achieve sustainable academic and financial success during this challenging time for higher education rests on its ability to innovate combined with its focus on its students, the excellence of its research and the dedication of its people.

It was incorporated under Section 15 of the National Health Service Act 1946 and its constitution and governance are regulated by the Scheme and Statutes, which were revised and approved by the University of London in November 2013 and became effective on 30 September 2014. It is an exempt charity within the meaning of the Charities Act 2011 and is regulated by the Higher Education Funding Council for England (HEFCE) on behalf of the Charity Commission for England and Wales.

SGUL is ranked as one of the top 250 global universities in the Times Higher Education World Universities Rankings 2018, a significant achievement for a university of its size and specialist nature and for the second year running has been ranked top in the world for the quality of citations for research influence. In the 2018 Sunday Times Good University Guide, SGUL was ranked best for graduate prospects with 94% of graduates moving straight into professional employment or further study.

SGUL provides a wide range of high quality undergraduate and postgraduate healthcare, medical and biomedical education courses to UK and international students. Degrees are offered in biomedical science, healthcare science, physicians' associate studies and undergraduate and graduate MBBS programmes in medicine.

Degrees in paramedic science, diagnostic and therapeutic radiography, physiotherapy and Foundation degrees in nursing, social work, healthcare practice and breast imaging are offered through the Faculty of Health, Social Care and Education (FHSCE), operated jointly with Kingston University.

Clinical teaching is provided at St George's NHS Trust and other healthcare providers, both in the UK and internationally in countries, including the USA and Cyprus, in hospital and community settings.

A new **Strategic Plan 2017-2022** has set goals for **pursuing excellence in medicine, healthcare and science**.

#### Our Mission

- We pursue excellence in academic medicine, healthcare and science, informed by a global outlook
- We create and share knowledge
- We inspire and develop people who contribute to and improve society

#### Our Vision

- We will improve health through inspiring education and focused research

#### Our Core Values

- Commitment
- Openness
- Respect
- Engagement

#### Key performance indicators

New key performance indicators are being set in line with the strategy and will be used by Council to monitor SGUL's progress towards its strategic objectives relating to education, research, people and partners, environment and sustainability and operational excellence. These will be reported and reviewed on a regular basis by both senior management and Council as existing KPIs relating to teaching, research and financial performance, based on the previous strategy, have been.

### Strategic Review

#### Education

With more than 5,500 students and 470 academic staff, across SGUL and FHSCE programmes, we aim to develop students who will make a difference in the world, transforming the lives of those engaged in our education. Curriculum 2020 is a major review and update of the MBBS curriculum and the redesigned Biomedical Science BSc and MSci programmes, with focused streams and a Professional Year option, has led to record applications in an increasingly crowded market. In August 2016, SGUL became the first medical programme to formally enter clearing to ensure that the best quality students were enrolled on both MBBS 4 and MBBS5. SGUL students won national awards achieved in Geriatrics, Neuroanatomy and Clinical Leadership.

The new MSc in Sports Cardiology was well received and for September 2017 entry, an MSc in Global Health was validated and has attracted interest from both home and international students. The Centre for Innovation and Development in Education will work with academic staff to develop high quality masters programmes and short courses in SGUL's areas of expertise and excellence, along with a summer school which will be in place for summer 2018.

The Widening Participation team engaged over 4,000 primary, secondary and post-16 students from 200+ schools in face to face outreach activity, and a further 700 via collaborative activity with Aimhigher London South partner HEI's. The programmes, which include primary after-school clubs, healthcare roadshows, spring/summer schools and an award-winning work experience scheme delivered in collaboration with St George's NHS Trust, aim to raise aspirations among groups currently under-represented in medicine and allied healthcare degree courses and provide students with guidance about applying to university.

Feedback received from 261 spring/summer school graduates included:

- 85% agreeing that the event increased their confidence in their ability to successfully apply to and study at university
- 87% agreeing that the event improved their motivation to study hard at school in order to achieve their goals
- 94% agreeing the event made them aware of what SGUL has to offer students and the benefit of studying here.

Students are tracked through to enrolment. In 2016-17, 276 applications were submitted for an undergraduate or postgraduate course from 236 students who had previously attended an outreach activity. Of these, 61% (144) were made an offer, and 22% (52) subsequently enrolled on a course in September 2016, 19 of whom entered MBBS 5 and 26 Biomedical Science BSc.

#### Research

Scientists at SGUL are tackling some of the world's most important healthcare challenges, focussing research on areas where we have proven or emerging potential for excellence and global impact. As well as being first in the world for citations (Times Higher Education World University Rankings 2018), SGUL is 4<sup>th</sup> in the UK for research impact (REF 2014) and two Professors (John Camm and David Strachan) are included in the Thomson Reuters Highly Cited Researchers list which puts them in the top 1% in their fields. SGUL researchers also won awards from the College of Optometrists and the British Medical Association.

Research success continues with publications in the New England Journal of Medicine, the Lancet, Journal of Experimental Medicine and International Journal of Obesity. Grants have been awarded by the Wellcome Trust (£1m Strategic Support Fund), Medical Research Council (£2.7m in total) and the European Commission (€8.2m). The Sir Joseph Hotung Fund and Cancer Vaccine Institute continue to fund SGUL with new monies awarded. A number of grants had been successfully completed this year including the long-term follow up of two trial populations in the PACE-UP and PACE-Lift studies and preliminary and pilot phases of the ENRICH study.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Strategic Review

#### People and partners

SGUL's main partners are Kingston University and St George's NHS Trust, including reciprocal membership on each other's boards, as well as close working relationships through day to day activity across both education and research.

SGUL has been in partnership with INTO University Partnerships Limited (IUP) since 2011 through INTO St George's Hospital Medical School LLP to deliver a range of programmes including a 4 and 6 year International MBBS and a Foundation course. After a formal review of the partnership, it was agreed that the joint venture would be dissolved and that no additional students would be enrolled on any of the programmes. Continuing students will be taught by SGUL until graduation and placements will be either at Thomas Jefferson University or Marshall University in the USA or within the NHS in the UK. Research collaborations and exchanges are currently underway with Thomas Jefferson University and further educational collaborations are in discussion. New placements have been identified at St. George's NHS Trust, Ashford and St. Peters NHS Trust and South West London and St George's Mental Health NHS Trust to allow for our international cohort to have excellent clinical placements without overcrowding.

In November and December 2016, an "Inside Science" art exhibition was held at SGUL with artwork produced by prisoners at HM Prison Wandsworth displayed in a specially designed "cell" sized gallery. This was done in collaboration with the prison's education team and brought together the two biggest communities in Wandsworth (the St George's site and the prison). The "Inside Science" programme was nominated for the Sir David Watson Award for Community-University partnerships', an international award recognising the combined efforts of community and university partners towards making a difference to the lives of people in their shared community.

Diversity and inclusion remains a priority and work continues towards applying for an Athena Swan silver award in November 2017. Other areas of focus include gender pay gap reporting and addressing the BME attainment gap.

#### Environment and sustainability

Work continues on improving the infrastructure of SGUL, both physically and virtually. The space utilisation programme was completed, improving teaching, research and professional services space across both Hunter and Jenner wings. The main lecture theatres were refurbished and an integrated education hub was created on the sixth floor of Hunter Wing, co-locating the Institute of Medical and Biomedical Education and the part of the Faculty of Health, Social Care and Education.

Improving the student experience has been at heart of many of the changes which have and are being undertaken. The Library is now open twenty four hours a day during the week and the Student Union Bar has been refurbished to give more flexible space which is available for students to work in, particularly for group work which tends not to be suitable for more formal study space such as the library. Panopto lecture recording has been introduced to the main lecture theatres and teaching rooms and a new virtual learning environment (Canvas) has been procured with Kingston University, allowing students of the FHSCE to access content from both institutions through the same portal for the first time.

A state of the art live imaging suite with new A1R confocal microscope has been completed in the Image Research Facility (IRF). Along with the electronic microscopy expertise, a complete service can now be offered not only for students and researchers, but also for partner NHS Trusts who undertake testing and analysis in these facilities. Within the Biological Research Facility (BRF) colonies of germ-free mice have been established, a scarce skill in UK where most work has been undertaken in Europe to date.

The Development and Alumni Office delivered their first telephone campaign for alumni in June 2017, raising pledges of £143k, exceeding the target of £120k. The average amount raised per call (across all calls made) was £303 and the average gift size among alumni who donated was £908. Most alumni gave to the student hardship fund and the annual fund. The aim now is to build a sustainable fundraising programme, which brings in a reliable source of philanthropic income to support the development of SGUL.

## **Strategic Review**

### **Operational excellence**

In order to support staff and students and deliver on our strategy, SGUL needs to act with agility, delivering continuous improvements to the way we work and ensuring value for money and efficient use of our resources – for example a new printing contract has allowed free student printing at no additional cost. Students have once again been offered a free tablet, supporting a paper-free learning environment where possible and enabling electronic marking of exams improving feedback.

A review of both the internal and external facing websites is underway, seeking to improve communications with students, staff and other stakeholders. The implementation of a new HR/payroll system is on track for April 2018 and compliance with the NHS IG toolkit, an essential for undertaking research with the NHS, has significantly improved since 2015/16 despite an increase in requirements.

### **Risk and uncertainties**

The main risks facing SGUL are identified and monitored by the Risk Management and Efficiency Committee and reported to the Audit Committee and Council on a regular basis. The areas of highest risk considered by the Committee during the year were:

- student satisfaction, as monitored through NSS scores, and the impact this has on league table positions
- our relationship with St George's NHS Trust and the impact of its financial challenges
- maintaining medium to long-term financial sustainability

These were mitigated during the year through regular and robust financial reporting to senior management and regular reviews of our capital programme based on key IS and Estates improvements.

These areas will continue to be the focus of the strategic plan, in particular our students and their experience at SGUL, and our collaborations and interaction with our local community.

Other areas which are being monitored, although the extent to which they can be influenced is minimal, are the impact of Brexit (particularly in regard to research collaborations and EU funding), the Teaching Excellence Framework, the Research Excellence Framework, and the funding of the NHS.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Strategic Review

#### Financial Review

The Financial Statements of SGUL are prepared in accordance with the "Statement of Recommended Practice: Accounting for Further and Higher Education 2015" and with reference to the Memorandum of Assurance and Accountability which regulates the formal relationship between the Higher Education Funding Council for England (HEFCE) and SGUL. HEFCE also acts on behalf of the Charity Commission as the principal regulator of SGUL as an exempt charity in accordance with the Charities Act 2011.

<b>Consolidated Income and Expenditure Account</b>	<b>2017</b>	<b>2016 restated</b>
	<b>£m</b>	<b>£m</b>
Tuition fees and education contracts	30.8	28.8
Funding body grants	17.2	18.8
Research grants and contracts	13.3	12.9
Other operating income	23.8	24.6
Investment income, donations and endowments	1.5	0.4
<b>Income</b>	<b>86.6</b>	<b>85.5</b>
<b>Operating expenditure</b>	<b>82.8</b>	<b>82.7</b>
<b>Operating surplus</b>	<b>3.8</b>	<b>2.8</b>
Share of operating losses in joint ventures and associates	(0.6)	(0.3)
Gain on investments	1.7	0.4
Exceptional item	(5.0)	-
Taxation	(0.3)	(0.3)
<b>(Deficit)/surplus for the year</b>	<b>(0.4)</b>	<b>2.6</b>
<b>Non-current assets</b>	<b>98.1</b>	<b>95.9</b>
Current assets	22.8	24.7
Creditors falling due in less than one year	(27.9)	(26.8)
<b>Net current liabilities</b>	<b>(5.0)</b>	<b>(2.2)</b>
Creditors falling due in more than one year	(48.7)	(47.3)
Investment in joint venture	-	(2.2)
Pensions provision	(7.7)	(7.1)
<b>Total net assets</b>	<b>36.6</b>	<b>37.1</b>
<b>Restricted reserves</b>	<b>6.5</b>	<b>5.7</b>
<b>Unrestricted reserves</b>	<b>30.1</b>	<b>31.4</b>
<b>Total reserves</b>	<b>36.6</b>	<b>37.1</b>

The **operating surplus** for the year shows an improvement on last year, up £1 m to £3.8m. However an exceptional cost has arisen due to the dissolution of the INTO St George's Hospital Medical School LLP which has resulted in an overall deficit for the year ended 31 July 2017.



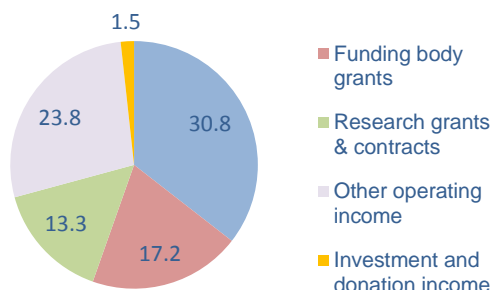
# St George's University of London

## Financial Statements for the year ended 31 July 2017

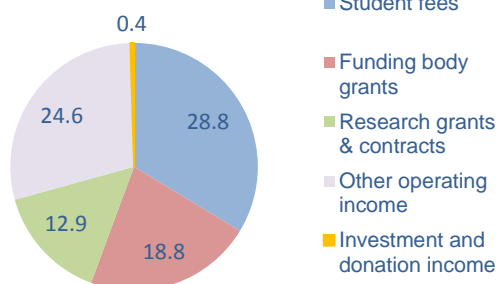
### Strategic Review

Income has increased by £1.1m between 2016 and 2017. However, as student fees replace government grant, HEFCE grant decreases by 2% and student fees increase. Research income shows a small increase of 3%, from £12.9m to £13.3m whilst other income has reduced. Investment and donation income has increased as a renewed focus on reconnecting with alumni and other donors starts to show results.

Total Income (£m)  
2016-17

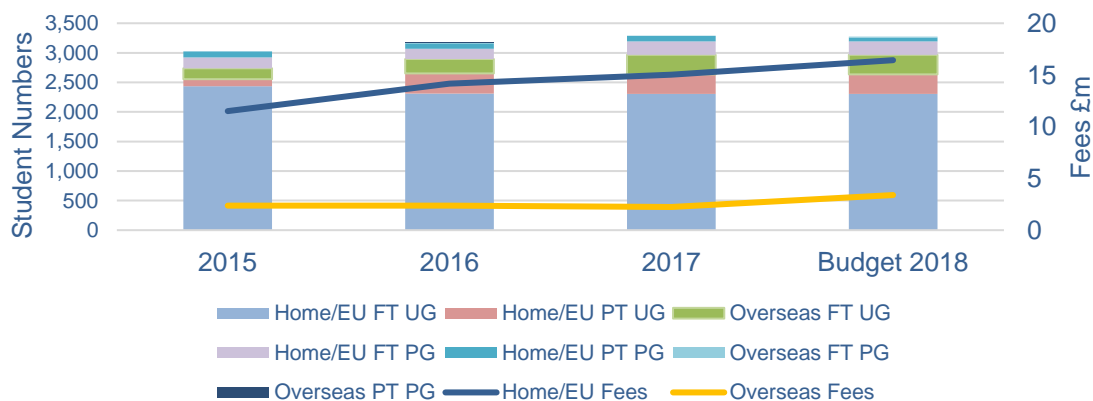


Total Income (£m)  
2015-16



Student numbers continue to increase which is an indication of SGUL's success in attracting students from both home and overseas, despite the increased competition, particularly in London, the cap which is imposed on the MBBS programme and commissioning restrictions from Health Education England. Our focus will continue to be on increasing our post graduate and continuous professional development offerings, as well as ensuring that we attract the best students from both home and overseas. One example of this was the decision for the home MBBS course to go into clearing in August 2016 which resulted in all places for September 2016 being filled without grades having to be compromised. This has been repeated again in August 2017 and once again, SGUL enrolls the best qualified students to begin their training to become a doctor.

Student number and fees



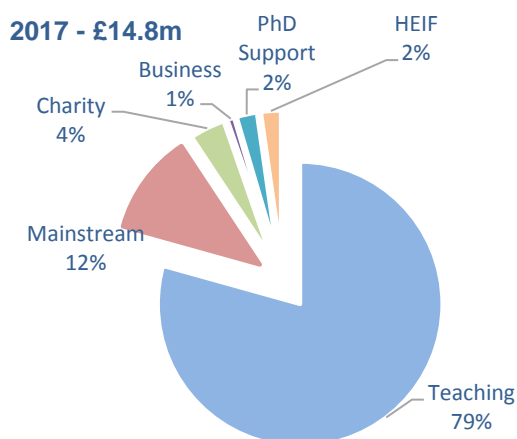
# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Strategic Review

In line with the sector and the move away from **HEFCE funding** to student fees, HEFCE funding has reduced from 2016 as the final years of the old fee regime are replaced with a higher fee of £9,000 for home/EU students.

This has taken longer at SGUL than other institutions as the MBBS programme runs for 5 years, rather than the standard three years.



The amount of QR received fell from £2.5m to £2.4m, but increased to 18% of total HEFCE income. The decline in research income over the last five years has impacted the amount of

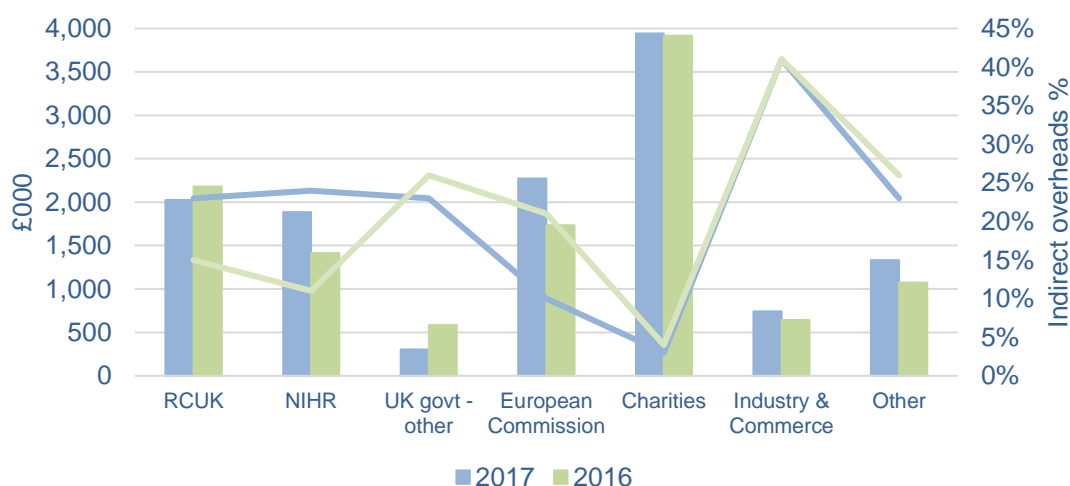
charity and business QR which has been received, although this will hopefully start to improve as grant income increases.

Income from the Higher Education Innovation Fund (HEIF) has seen a reduction from £467k to £332k as the amount of enterprise and knowledge transfer activity has decreased based on results of the Higher Education Business and Community Interaction survey results.

	2017 £k	2016 £k
Teaching	11,704	13,150
Mainstream QR	1,676	1,622
Charity QR	585	665
Business QR	114	183
PhD Support	340	409
HEIF	332	467
<b>Total</b>	<b>14,751</b>	<b>16,496</b>

This activity has not been a high priority, however, SGUL is working closely with clinicians from St George's NHS Trust, as well as our own research staff, in order to obtain patents for innovations which may have future licensing and spin-out opportunities. Not only will this increase our income from these sources, it will also increase the amount of HEIF income to support future enterprise activity.

Research Income and Overheads



Total **research income**, excluding the research and development credit (£1.3m), has increased by £0.4m to £12.0m (£11.6m – 2016). A total of 67 new grants (59 – 2016) have been won during the year, worth £22m (£10.3m – 2016). The overhead recovery rate has increased

since last year to 14.4% from 13%. This has been an active area of review over the last year and continued improvement will be a KPI under the new strategic plan.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Strategic Review

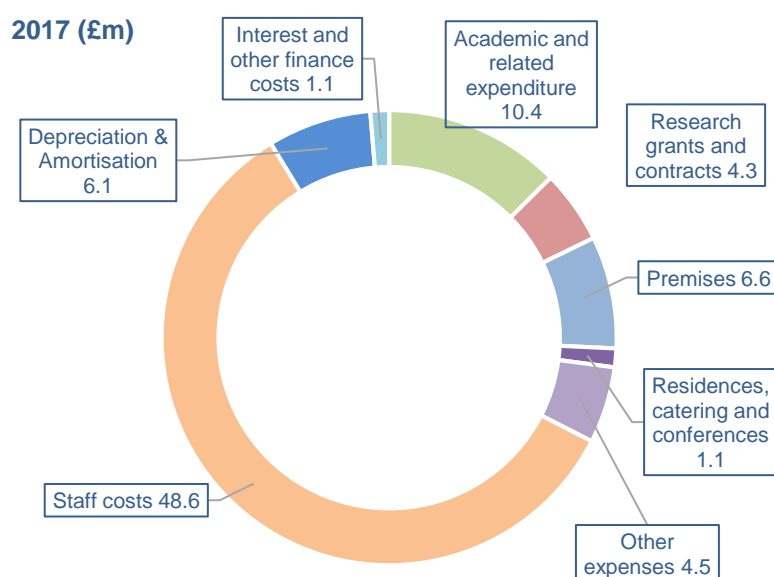
Also included in research income is £1,332k, less corporation tax of £280k, being £1,052k net income, received as the research and development expenditure credit. This is a tax relief available against eligible R&D expenditure where the research and development is seeking to achieve an advance in science and technology, subject to uncertainty and conducted in a systematic and thorough fashion.

The main sources of income within **residences, catering and conferences** is from the Horton Halls (£3.2m up from £3.0m in 2016), SGUL's halls of student residence comprising 486 ensuite rooms which are a short walk from the campus, rented to our students, together with a small amount of income from commercial lets and media services.

**Other services rendered** income includes staff recharges to the NHS (£5.9m), mainly St George's NHS Trust, and recharge income from our joint ventures, with Kingston University (FHSCE) and INTO University Partnerships. These courses have increasing numbers of students, and our recharges for teaching and space have increased as student numbers have grown.

Income from the Department of Health such as Service Increment for Teaching (which pays for clinical placements) and Health Education South London (funding training and placements to the NHS) is included within **other income**, as is franchise income from the University of Nicosia (£0.7m), our share of income from the INTO – St George's joint venture company and consultancy income earned by academic staff.

### Operating Expenditure



**Staff costs** and headcount continue to be tightly controlled and monitored and staff headcount has reduced over the last five years. However, this will become increasingly difficult in the immediate future with increases in both employers' national insurance and pension contributions as well as the introduction of the apprenticeship levy which has added 0.5% to the pay bill since April 2017.

Controls over **other operating expenditure** remain in place. With the increase in student numbers, there has been an increase in academic and related expenditure and our success in winning grants comes through in related spend.

**Other expenses** include the costs related to the FHSCE and the international joint ventures which have also increased with the increase in their student numbers.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Strategic Review

An **exceptional item** of £5m, shown below operating surplus, is the net impact of the dissolution of the INTO St George's Hospital Medical School LLP. Students on the International MBBS courses will remain students of SGUL and all fees and costs related to the teach-out of these students will be received and borne by SGUL. Whilst this provision has been made to the income and expenditure statement in 2016-17, payment will be made to IUP over the next four years, approximately in line with the receipt of fees.

**Capital expenditure** continues with £5.7m spent on tangible assets in 2017. The space utilisation programme was completed, with improvements made to education, research and professional services space. Part of the FHSCE was moved from Grosvenor Wing (in NHS space) to Hunter Wing, which co-located it with the IMBE and created an education hub on the sixth floor. Other works were undertaken to improve the infrastructure of the institution and ensure that SGUL is resilient and not reliant on St George's NHS Trust. To this end, chillers were replaced (funded by a Salix interest-free loan) to reduce reliance on services provided by St George's NHS Trust and a schedule of work is planned for 2018 to continue this work.

In Information Services, infrastructure upgrades to the core and edge network and wifi solutions were undertaken, alongside work on the student system and the project to replace the HR/payroll system continues with a planned implementation date of April 2018.

SGUL's **cash** position has reduced over the year to £10.1m. Cash flows and forecasts are produced on a monthly basis and are reviewed regularly by the Finance Committee.

For the first time, SGUL has taken its share of the Kingston University Local Government Pension Scheme (LGPS) deficit, as it relates to FHSCE staff, onto its balance sheet. This had not been accounted for previously as the liability could not be identified. It has been accounted for as an adjustment to the prior year's figures, as the liability was in existence at the opening balance sheet date. This, along with an increase in the USS pension provision, has increased the pension provision by £0.6m.

SGUL has long-term loans, with Barclays Bank plc and Santander UK plc, repayable between 6 and 30 years. The covenants for each loan have been reviewed as a result of the loss incurred this year, and the conversion to FRS 102 last year. The Santander covenant remains covered by the current financial position and forecasts. However, the Barclays covenants have been amended to reflect the loss this year.

An additional interest-free loan of £0.8 million has been taken out with Salix. These loans are available to take forward energy saving capital works and have been spent on replacement chillers which will improve the energy efficiency of SGUL's water consumption.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Public Benefit Statement

SGUL is an exempt charity under the terms of The Charities Act 2011. In setting and reviewing its objectives and activities, Council has due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

Our overall charitable aims are embodied in the Statutes of SGUL:

#### IV Objects of SGUL

The objects of SGUL are to advance learning and knowledge by teaching and research in medicine, nursing, midwifery, the allied health professions, in biological sciences and any other sciences, and in social work, in healthcare management and in all matters connected with the practice of medicine and allied subjects in all their branches and in any other subject or area as SGUL should determine; and insofar as it is necessary or desirable in any way for the achievement of the foregoing objects to contribute directly or indirectly to the treatment and care of patients.

How we achieve our charitable aims is set out below.

We are an internationally recognised specialist medical college of the University of London which provides an education to undergraduate and postgraduate students within an interdisciplinary environment, with an intake of more than 1,200 students each year from all courses. This education develops students academically and advances their interpersonal and leadership skills, thus preparing them to play full and effective roles within the healthcare field.

In particular, we provide:

- excellent teaching and clinical facilities, in collaboration with our partners in the SW London area and within a co-located hospital environment at St George's University Hospitals NHS Foundation Trust
- social, cultural, musical, recreational and sporting facilities to enable each student to realise as much as possible of their academic and personal potential whilst studying.

We advance research through:

- providing researchers with outstanding research facilities. This research has direct benefits to patients, and has demonstrated longer-term socio-economic impacts with regard to the health, well-being, and quality of life of the general population
- arranging visits from outstanding academics and healthcare experts from both the UK and overseas
- encouraging and supporting the dissemination of research and healthcare advancements through lectures, seminars and the publication of papers in academic and professional journals or other suitable means. In September 2017 SGUL was top of the Times Higher Education World University Rankings for citations or research influence, demonstrating SGUL's contribution to the sum of knowledge, which has been built on by others, expanding the boundaries of understanding and which has been shared around the globe.

We maintain an extensive healthcare library and archive (including important special collections), providing a valuable resource for students, researchers, alumni, academics and others by arrangement. The primary beneficiaries are the students, researchers, academic and NHS staff who are engaged in healthcare education, learning or research and those who have the opportunity to attend educational events and use our research and teaching facilities. The general public also directly benefit from our healthcare research and activities.

We admit students who have the highest potential for benefiting from the healthcare education that SGUL and its collaborative partners provide.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Public Benefit Statement

We have no ethnic, religious, geographic, socio-political and economic barriers and students, researchers and academics are drawn from the UK and abroad. We are increasing the number of international students to supplement our strong UK recruitment.

We are focussed on maintaining an excellent reputation in a scientific, clinical and educational teaching and research portfolio; and attracting, retaining and nurturing the most talented students and staff.

We operate an extensive outreach programme, to raise educational aspirations and attract outstanding applicants who might not consider a healthcare career, or applying to the medical school. This programme includes educational school open days, admissions symposia for teachers, visits by current students to school and colleagues, residential summer schools for students from under-represented groups in higher education, as well as guidance and information on our website for prospective applicants.

We offer a number of bursaries/awards each year to students who are entitled to student support. In addition, there is an extensive package of bursaries and support awards to provide selective help for students who are in financial difficulties.

We hold open days, open lectures and seminars and similar events oriented to the local community and their engagement with SGUL.

We employ both clinical and non-clinical staff to fulfil our charitable purposes of advancing education, learning and research. We aim to ensure that all salaries, stipends and employment-related benefits are objectively reasonable, compared to academic and clinical earnings generally; annual pay increases normally follow national settlements applying to the university sector.

Members of Council receive no remuneration for their services. There are no waived entitlements or other benefits for serving as Council members (Trustees). Council members can claim reasonable expenses such as travel. The total amount of expenses claimed in 2017 was less than £2,000.

Related party transactions are set out on note 28 of the Financial Statements.

SGUL does not have any Paragraph 28 (Charities Act 2011 Schedule 3) connected charities that have an income in the year of £100,000 or more.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Corporate Governance Statement

#### Introduction

St George's, University of London (SGUL) is committed to good practice in all aspects of corporate governance. SGUL complies with the HEFCE Accounts direction requirements, the Memorandum of Assurance and Accountability and the Higher Education Code of Governance published by the Committee of University Chairs. This includes adherence to 'The Seven Principles of Public Life' (the Nolan Principles). Council has due regard to the Charity Commission's guidance on public benefit. By accomplishing its objects as set out in SGUL's Scheme and Statutes, SGUL meets the charitable purposes of the advancement of education, health training and research as set out in the Public Benefit Statement.

#### Council

Council is SGUL's governing body and in exercising its role and powers undertakes to meet the obligations placed upon SGUL by its Scheme and Statutes, and on its members as charity trustees. The Scheme and Statutes were recently reviewed and updated, and, following approval by the University of London, came into force on 30 September 2014. The objects, powers and framework of governance are set out in the Scheme and Statutes.

Council is responsible for the overall strategic direction of SGUL, for its financial affairs, property investments and general business, and for presenting audited financial statements for each financial year. The matters specifically reserved to Council for decisions are set out in the Scheme and Statutes, by custom, and under the Memorandum of Assurance and Accountability between HEFCE and Higher Education Institutions.

Council has a majority of members from outside SGUL (described as Independent Members), from whom the Chair and Vice-Chair must be drawn. Members also include representatives of the staff of SGUL and the student body. No Independent Member receives any payment, apart from the reimbursement of expenses, for the work that they do for SGUL. The role of Chair of the Council is separate from the role of the Chief Executive, the Principal.

In compliance with the Higher Education Code of Governance, the Council has agreed a Statement of Primary Responsibilities which accords with the Schemes and Statutes of SGUL.

#### Senate

The Senate is SGUL's academic authority and draws its membership entirely from the academic staff and the students of SGUL. Its role, subject to the Scheme and Statutes, is to direct and regulate the teaching and research work of SGUL.

#### Council Committees

The Council meets at least five times each year, and in 2016-2017 it met on six occasions, including an Away Day. There are supporting Committees of Council, which are formally constituted with written terms of reference and specified membership including a significant proportion of Independent Members. The Chair of Council is *ex-officio* on all Committees of Council except for the Audit Committee.

Council's specialist Committees include the Audit Committee, Finance Committee (incorporating reviews of Investments and Estates), Nominations and Honorary Awards Committee and Remuneration Committee.

Council and its Committees are currently chaired by Independent Members. Council receives advice from the Strategy, Planning and Resources Committee, the executive management committee of SGUL, and it also has oversight of the work of the Diversity and Inclusion Steering Group, which is supported by Diversity and Inclusion Working Group. Council approves the Single Equality Scheme Action Plan on an annual basis.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Corporate Governance Statement

#### Audit Committee

The Audit Committee normally meets four times a year, with external and internal auditors invited to attend meetings as appropriate. The Committee considers detailed reports from the internal and external auditors and other relevant reports including any from HEFCE, together with recommendations for the improvement of the systems of internal control, value for money studies and management's response and implementation plans. It also monitors adherence to regulatory requirements.

In order to comply with the Higher Education Code of Governance, the Audit Committee is entirely comprised of Independent Members appointed by Council from amongst its members, and co-opted Independent Members also appointed by Council.

Senior executives attend meetings of the Audit Committee as necessary but are not members of the Committee. The Committee meets the internal and external auditors once a year, without the presence of senior executives.

#### Finance Committee

The Finance Committee recommends to Council the annual revenue and capital budgets and monitors performance in relation to approved budgets. It supervises all matters relating to the finance, accounts and financial regulations of SGUL, the investment of funds, the receipt of income and the expenditure thereof, and the management of its investments and borrowings. The Finance Committee meets five times a year. Senior executives attend meetings of and serve on the Finance Committee.

#### Nominations and Honorary Awards Committee

The Nominations and Honorary Awards Committee seeks to ensure diversity, breadth and continuity of expertise amongst the membership of Council. It also undertakes succession planning with respect to the membership, leadership of committees and advice on governance. It also seeks, considers and makes recommendations for the award of Honorary Fellowships and Honorary Degrees.

The Nominations and Honorary Awards Committee and Remuneration Committee (below) meet less frequently because of the more limited nature of their activities. These Committees make reports to Council following their meetings.

#### Remuneration Committee

The Remuneration Committee reviews and recommends the salary and conditions of service of the Principal, and the remuneration arrangements for senior staff. It also considers the arrangements for succession management and planning in relation to senior and leadership posts within SGUL.

#### Management Committees

##### Diversity and Inclusion Steering Group

The Diversity and Inclusion Steering Group has replaced the Equality and Diversity Committee., The Diversity and Inclusion Steering Group considers all issues of diversity and inclusion at SGUL, including issues arising from employee and student affairs. It makes recommendations for changes in SGUL's policies and monitors other matters. The Steering Group will make regular reports to Council. The Diversity and Inclusion Steering Group will meet four times a year.

##### Strategy Planning and Resources Committee

The Council receives recommendations and advice in respect of its responsibilities from the Strategy, Planning and Resources Committee. This Committee's membership includes the Principal, Deans, and Directors of the Education and Research Institutes and Senior Administrative staff. The Committee meets at least nine times per year.

##### Internal Control and Risk Management

Council is responsible for ensuring that a rigorous system of internal control is maintained in accordance with the responsibilities assigned to Council in the Scheme and the Memorandum of Assurance and Accountability with HEFCE. This system supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which Council is responsible.



## **Corporate Governance Statement**

Such a system 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 mismanagement or loss. The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. Council is of the view that the process has continued to identify, evaluate and manage significant risks throughout the year to 31 July 2017, and to the date of the approval of the annual Financial Statements.

Council has adopted a Risk Management Policy which identifies where the principal management responsibility rests for risk management. Council has, in conjunction with the Audit Committee:

- Reviewed the Risk Management Policy to ensure it continues to identify risk and evaluates the likelihood and impact and communicates this to management
- Ensured that regular meetings of the Risk Management and Efficiency Committee have been held to develop policies and embed risk management processes into the organisation
- Reviewed the risk register and reports of the Risk Management and Efficiency Committee
- Ensured that the risk register clearly identifies the likelihood and impact of risks, and that responsibility for risks has been allocated, and the residual risk determined taking account of control mechanisms in operation
- Requested the Audit Committee to provide advice on the effectiveness of the establishment and implementation of risk management procedures
- Commissioned internal audits from Deloitte, SGUL's independent internal auditors. The audit planning is carried out jointly with senior executives and is based primarily on SGUL's risk register

The strategic risk register was reviewed in 2017 and an improved monitoring reporting framework for risk has been developed.

Council receives reports from the Chair of the Audit Committee concerning internal control, the outcome of all audits of SGUL's activities, including the reports from internal and external auditors and other agencies. Regular reports are received from senior executives on progress of key projects. In this way Council is assured that there is a sound system of internal control and that risk is considered as part of the normal management process.

### **Effectiveness Reviews**

Regular reviews with independent and elected members of Council are conducted. Key points from the reviews are presented to Council and an action plan agreed for the continuing improvement of the effectiveness of its operation. The next effectiveness review of Council is scheduled for 2018 following the appointment of a new Chair in May 2017.

### **Going Concern**

After making appropriate enquiries, Council considers that SGUL has adequate resources to continue in operational existence for the foreseeable future. SGUL continues to adopt the going concern basis in preparing the Financial Statements.

Michael Draper

**Chair of Council**

21 November 2017

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Statement of Council's Responsibilities

In accordance with the Scheme and Statutes of SGUL, the Council is responsible for the direction and management of SGUL's affairs and is required to present audited Financial Statements for each financial year.

Council is responsible for preparing the Strategic Review and Financial Statements in accordance with applicable law and regulations.

Council is required to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". In addition, within the terms and conditions of the Memorandum of Assurance and Accountability (July 2017) agreed with the Higher Education Funding Council for England (HEFCE), Council, through the Principal, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of SGUL and the Group and of the surplus or deficit and cash flows for that financial year.

#### **Council has ensured that, in preparing the Financial Statements:**

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- Financial Statements are prepared on the going concern basis since the Council is satisfied that SGUL has adequate resources to continue in operation for the foreseeable future.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of SGUL and enable it to ensure that the Financial Statements are prepared in accordance with the Scheme, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and any subsequent amendments and the HEFCE Accounts Direction. They are also responsible for safeguarding the assets of SGUL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In practice Council delegates responsibility to the Finance Committee for ensuring that proper accounting records are maintained and Financial Statements are prepared in accordance with generally accepted accounting practice.

Council, through the Principal and the Finance Committee, has taken reasonable steps to ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability (July 2017) and any other conditions which the Funding Council may from time to time prescribe. The Principal is responsible for advising the Council if, at any time, any action or policy under consideration by Council appears to the Principal to be incompatible with the terms of the Memorandum of Assurance and Accountability (July 2017) agreed with HEFCE.

Council, through the Audit Committee, has taken reasonable steps to:

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of SGUL and to prevent and detect fraud; and
- secure the economical, efficient management of SGUL and the Group's resources and expenditure.

Council is responsible for the maintenance and integrity of the corporate and financial information included on SGUL's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Statement of Council's Responsibilities**

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative divisions;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving significant capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee; and
- a professional firm appointed as Internal Auditors, whose annual programme is approved by the Audit Committee and endorsed by Council. The Internal Auditors provide the Council with a report on internal audits undertaken within SGUL and an opinion on the adequacy and effectiveness of the system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Independent Auditor's Report to the Council of St George's University of London

#### Opinion

We have audited the financial statements of St George's University of London (the 'parent institution') and its subsidiaries (the 'Group') for the year ended 31 July 2017 which comprise the Group and SGUL's Statement of Comprehensive Income and Expenditure, the Group and SGUL Statement of Changes in Reserves, the Group and SGUL Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Institution's affairs as at 31 July 2017 and of the Group's and parent Institution's income and expenditure, gains and losses, changes in reserves and Group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

#### Basis for opinion

We have been appointed as auditor under the Institution's scheme and statutes and report in accordance with regulations made under those schemes and statutes. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Who we are reporting to

This report is made solely to the Institution's Council, as a body, in accordance with Statute 20 – External Auditors, paragraphs (i) to (vi) of the institution's schemes and statutes. Our audit work has been undertaken so that we might state to the Institution's Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institution and the Institution's Council as a body, for our audit work, for this report, or for the opinions we have formed.

#### Conclusions relating to going concern

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

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution'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.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Independent Auditor's Report to the Council of St George's University of London

#### Other information

The Council are responsible for the other information. The other information comprises the information included in the strategic review set out on pages 1 to 17, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### Opinion on other matters prescribed by HEFCE's Memorandum of Assurance and Accountability dated July 2017

In our opinion, in all material respects:

- funds from whatever source administered by the parent Institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

#### Responsibilities of Council for the financial statements

As explained more fully in the statement of responsibilities of the Council set out on pages 16 & 17, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Independent Auditor's Report to the Council of St George's University of London

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Statement of Principal Accounting Policies

#### 1. Basis of preparation

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with the applicable United Kingdom accounting standards. SGUL is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

The Financial Statements have been prepared on the historical cost basis except for the modification to a deemed cost basis for certain fixed assets, the inclusion of investments at market value and on a going concern basis (Corporate Governance Statement).

The consolidated Financial Statements do not include those of the Students' Union because it is a separate independent charity and is not controlled by SGUL.

#### 2. Basis of consolidation

The consolidated Financial Statements include SGUL and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Associates and joint ventures are accounted for using the equity method of accounting.

#### Investment in subsidiaries

The consolidated Financial Statements incorporate the Financial Statements of SGUL and entities controlled by the Group (St George's Estates Limited, St George's Enterprises Limited and St George's Global Partners Limited). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the Eleanor Peel Chair of Geriatric Medicine Fund, a separate charity, are consolidated into the Group Financial Statements on the basis that SGUL exercises control over the charity.

The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the Financial Statements of the parent.

#### Investments in joint ventures

Arrangements where SGUL exercises a joint control with another party over the strategic financial and operating decisions relating to a specific activity, are classified as joint ventures. There are three types of joint ventures: jointly controlled operations, jointly controlled assets and jointly controlled entities.

SGUL and Kingston University have a joint arrangement that constitutes a jointly controlled operation, the Faculty of Health, Social Care and Education which provides education for nursing, midwifery, social work and other allied health professionals. No separate legal entity is established and the assets and liabilities are divided equally with SGUL's 50% share reflected on the balance sheet. SGUL recognises the expenses that it incurs and its share of income earned from the sale of goods and services by the joint operation.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Statement of Principal Accounting Policies

St George's Global Partners Limited holds a 50% interest in INTO University Partnerships Limited which is a separate legal entity. The arrangement is classified as a jointly controlled entity. Investments in jointly controlled entities are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the jointly controlled entity, less any impairment.

Investments in jointly controlled entities are accounted for at cost less impairment in the individual Financial Statements of the parent.

#### Investment in associates

Where SGUL has significant influence over the financial and operating decisions of an entity, it is classified as an associate. A direct or indirect voting right of 20% or more is normally considered significant influence. SGUL holds a 40% share in Tika Diagnostics Limited and a 35% share in BUGS Bioscience Limited via St George's Enterprises Limited and these are classified as associates.

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual Financial Statements of the parent.

#### 3. Income recognition

Income from HEFCE recurrent grants, tuition fees and education contracts is included in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it is receivable. Other non-recurrent grants from HEFCE are recognised as income to the extent of the equivalent expenditure during the year.

#### Grant funding

Income from research grants and contracts received from commercial sources is treated as revenue and recognised when the amount of revenue can be reliably measured, it is probable that economic benefits will flow to SGUL, the stage of completion can be measured reliably and the costs of delivery can be measured reliably.

Grants from governmental sources are classified either as revenue or capital grants and are accounted for using the accruals model. Revenue government grants are recognised in income on a systematic basis over the periods in which SGUL recognises the related costs for which the grant is intended to compensate. Capital government grants are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, are classified as non-exchange transactions and recognised within the Consolidated Statement of Comprehensive Income and Expenditure when SGUL is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released



## **Statement of Principal Accounting Policies**

to the Consolidated Statement of Comprehensive Income and Expenditure when such conditions have been met.

Grants with restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure on entitlement to the income and subsequently retained within a restricted reserve until such time that expenditure is incurred in line with the restriction.

### **Donations and endowments**

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when SGUL is entitled to the income. Income is retained within the restricted reserve 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.

Donations with no restrictions must be recorded within the Consolidated Statement of Comprehensive Income and Expenditure under donations on entitlement to the income.

An endowment fund is a form of charitable trust retained for the benefit of SGUL. Endowment funds are sub-divided into their capital element and an accumulated income fund. Where a grantor indicates an intention for the institution to establish an endowment then the income is accounted for as an endowment fund.

New endowments are recorded within the Consolidated Statement of Comprehensive Income and Expenditure, under endowment income, on entitlement to the income. The restricted income received is held in the temporarily (expendable) or permanently restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

The gain or loss on the value of any investments held by the endowment fund is recorded within the Consolidated Statement of Comprehensive Income and Expenditure under the gain or loss on investments. Investment income received from the endowment fund's investments is recorded within investment income and held within the temporarily or permanently restricted reserve to the extent that it has not been spent in line with the restrictions of the donation.

### **4. Accounting for retirement benefits**

The two principal pension schemes for SGUL are the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Through the Faculty of Health, Social Care and Education, SGUL also participates indirectly with the Royal Borough of Kingston upon Thames Pension Funds via the Faculty's employees. The schemes are defined benefit schemes. The assets of the Schemes are held separately from SGUL. Defined benefit multi-employer schemes, where SGUL is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, are accounted for as a defined contribution benefit schemes.

SGUL also participates in the National Health Service Superannuation Scheme. This is an unfunded scheme with statutory backing. As a result, the amount charged to the income and expenditure account represents the contributions payable to the Scheme in respect of the accounting period.

### **Defined contribution scheme**

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

## **Statement of Principal Accounting Policies**

### **Defined benefit schemes**

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on high quality corporate bonds denominated in the currency of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to SGUL, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the scheme, reductions in future contributions to the plan or on settlement of the scheme and takes into account the adverse effect of any minimum funding requirements.

### **5. 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 SGUL. Any unused benefits are accrued and measured as the additional amount SGUL expects to pay as a result of the unused entitlement.

### **6. Intangible assets**

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

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. SGUL does not hold any intangible assets other than computer related software which is amortised over 10 years.

### **7. Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Buildings in the course of construction are accounted for at cost, based on the value of architect's certificates and other direct costs to 31 July 2017. They are not depreciated until they are brought into use.

Equipment costing less than £10,000 per individual item is written off to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. All other equipment is capitalised at cost.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land and buildings under construction, over their expected useful lives, using the straight-line method. The rates applicable are:

- |   |          |
|---|----------|
| • Freehold and leasehold buildings                  | 50 years |
| • Partial refurbishments of buildings               | 10 years |
| • Motor vehicles and other general equipment        | 5 years  |
| • Equipment acquired for specific research projects | 10 years |
| • Computer equipment                                | 3 years  |

## **Statement of Principal Accounting Policies**

### **8. Heritage Assets**

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

Heritage assets acquired prior to 1 July 2006 have not been capitalised due to the difficulty and cost of attributing a reliable cost or value to them. Heritage assets acquired on or after 1 July 2006 and valued at over £10,000 would be capitalised and recognised at the cost or valuation on acquisition where such a cost is reasonably obtainable.

### **9. Investments**

Non-current asset investments that are not listed on a recognised stock exchange are carried at historical cost, less any provision for impairment in their value.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's financial statements.

Non-current asset investments are held at fair value with movements recognised in the surplus for the year.

### **10. Leases**

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

### **11. Stock**

Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### **12. Cash and cash equivalents**

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

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

### **13. Basic financial instruments**

#### **Trade and other debtors / creditors**

Trade and other debtors/creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### **Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

## **Statement of Principal Accounting Policies**

### **14. Provisions for liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **15. Foreign currency**

SGUL's functional currency is the sterling pound.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the Consolidated Statement of Comprehensive Income and Expenditure.

### **16. Taxation**

SGUL is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, SGUL is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The trading subsidiary companies, St George's Enterprises Ltd and St George's Global Partners Ltd, are subject to corporation tax, whilst the non-trading and charitable activities are outside the scope of corporation tax.

SGUL is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the costs of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Deferred tax assets are more likely than not to be recovered. Deferred tax and liabilities are not discounted.

### **17. Reserves**

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to SGUL, are held as a permanently restricted fund as SGUL must hold the fund to perpetuity.

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

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Consolidated Statement of Comprehensive Income and Expenditure**

	Notes	2017		2016 (restated)	
		Consolidated £000	SGUL £000	Consolidated £000	SGUL £000
<b>Income</b>					
Tuition fees and education contracts	1	30,753	30,753	28,793	28,793
Funding body grants	2	17,225	17,225	18,791	18,791
Research grants and contracts	3	13,311	13,311	12,841	12,841
Other operating income	4	23,799	23,799	24,637	24,637
Investment income	5	600	562	377	350
Donations and endowments	6	888	888	33	33
<b>Total Income</b>		<b>86,576</b>	<b>86,538</b>	<b>85,472</b>	<b>85,445</b>
<b>Expenditure</b>					
Staff costs	7	48,624	48,562	48,706	48,706
Other operating expenses	9	26,886	26,691	26,968	27,061
Depreciation and amortisation	11/12	6,112	6,112	5,752	5,752
Interest and other finance costs	8	1,212	1,212	1,253	1,253
<b>Total expenditure</b>		<b>82,834</b>	<b>82,577</b>	<b>82,679</b>	<b>82,772</b>
<b>Surplus before exceptional items</b>		<b>3,742</b>	<b>3,961</b>	<b>2,793</b>	<b>2,673</b>
Exceptional Item	25	(5,039)	(7,920)	-	-
<b>Surplus after exceptional item &amp; before share of operating deficit of joint venture &amp; associates</b>		<b>(1,297)</b>	<b>(3,959)</b>	<b>2,793</b>	<b>2,673</b>
Share of operating loss in joint venture	14	(681)	-	(275)	-
Share of operating surplus in associates	15	87	-	(14)	-
Gain on investments	13	1,746	1,613	399	368
<b>(Deficit)/surplus before tax</b>		<b>(145)</b>	<b>(2,346)</b>	<b>2,903</b>	<b>3,041</b>
Taxation	10	(280)	(280)	(294)	(294)
<b>Total comprehensive income for the year</b>		<b>(425)</b>	<b>(2,626)</b>	<b>2,609</b>	<b>2,747</b>
<b>Represented by:</b>					
Endowment comprehensive income		445	308	68	36
Restricted comprehensive income		445	470	182	182
Unrestricted comprehensive income		(2,599)	(4,601)	1,684	2,007
Revaluation reserve comprehensive income		1,197	1,197	689	522
Attributable to SGUL		(512)	(2,626)	2,623	2,747
Attributable to the non-controlling interest		87	-	(14)	-
		<b>(425)</b>	<b>(2,626)</b>	<b>2,609</b>	<b>2,747</b>
<b>(Deficit)/surplus for the year attributable to:</b>					
Non-controlling interest		87	-	(14)	-
SGUL		(512)	(2,626)	2,623	2,747
		<b>(425)</b>	<b>(2,626)</b>	<b>2,609</b>	<b>2,747</b>

All items of income and expenditure relate to continuing operations.

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Consolidated Statement of Changes in Reserves**

	Income and Expenditure Account			Revaluation Reserve	Total excl. Non-Controlling Interest	Non-Controlling Interest	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000	£000	£000
<b>Balance as at 1 August 2015</b>	<b>5,039</b>	<b>7,032</b>	<b>20,940</b>	<b>9,737</b>	<b>42,748</b>	<b>108</b>	<b>42,856</b>
Prior year FHSCE pension deficit	-	-	(1,317)	-	(1,317)	-	(1,317)
Transfer between Eleanor Peel funds	-	369	(202)	(167)	-	-	-
Research grants from restricted reserve to creditors	-	(7,032)	-	-	(7,032)	-	(7,032)
<b>Revised balance as at 1 August 2015 (restated)</b>	<b>5,039</b>	<b>369</b>	<b>19,421</b>	<b>9,570</b>	<b>34,399</b>	<b>108</b>	<b>34,507</b>
Surplus/(deficit) from the income and expenditure statement	197	210	2,216	-	2,623	(14)	2,609
Transfers between revaluation and income and expenditure reserve	-	-	(689)	689	-	-	-
Release of restricted funds spent in the year	(129)	(28)	157	-	-	-	-
Total comprehensive income for the year	68	182	1,684	689	2,623	(14)	2,609
<b>Balance as at 1 August 2016 (restated)</b>	<b>5,107</b>	<b>551</b>	<b>21,105</b>	<b>10,259</b>	<b>37,022</b>	<b>94</b>	<b>37,116</b>
Surplus/(deficit) from the income and expenditure statement	609	679	(1,800)	-	(512)	87	(425)
Transfers between revaluation and income and expenditure reserve	-	-	(1,197)	1,197	-	-	-
Release of restricted funds spent in the year	(164)	(234)	398	-	-	-	-
Total comprehensive income for the year	445	445	(2,599)	1,197	(512)	87	(425)
<b>Balance as at 31 July 2017</b>	<b>5,552</b>	<b>996</b>	<b>18,506</b>	<b>11,456</b>	<b>36,510</b>	<b>181</b>	<b>36,691</b>

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**SGUL Statement of Changes in Reserves**

	Income and Expenditure Account			Revaluation Reserve	Total excl. Non-Controlling Interest	Non-Controlling Interest	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000	£000	£000
<b>Balance at 1 August 2015</b>	<b>3,567</b>	<b>7,032</b>	<b>22,435</b>	<b>9,737</b>	<b>42,771</b>	-	<b>42,771</b>
Prior year FHSCE pension deficit	-	-	(1,317)	-	(1,317)	-	(1,317)
Research grants from restricted reserve to creditors	-	(7,032)	-	-	(7,032)	-	(7,032)
<b>Revised balance as at 1 August 2015 (restated)</b>	<b>3,567</b>	<b>-</b>	<b>21,118</b>	<b>9,737</b>	<b>34,422</b>	-	<b>34,422</b>
Surplus/(deficit) from the income and expenditure statement	138	210	2,399	-	2,747	-	2,747
Transfers between revaluation and income and expenditure reserve	-	-	(522)	522	-	-	-
Release of restricted funds spent in the year	(102)	(28)	130	-	-	-	-
Total comprehensive income for the year	36	182	2,007	522	2,747	-	2,747
<b>Balance at 1 August 2016 (restated)</b>	<b>3,603</b>	<b>182</b>	<b>23,125</b>	<b>10,259</b>	<b>37,169</b>	-	<b>37,169</b>
Surplus/(deficit) from the income and expenditure statement	415	679	(3,720)	-	(2,626)	-	(2,626)
Transfers between revaluation and income and expenditure reserve	-	-	(1,197)	1,197	-	-	-
Release of restricted funds spent in the year	(107)	(209)	316	-	-	-	-
Total comprehensive income for the year	308	470	(4,601)	1,197	(2,626)	-	(2,626)
<b>Balance at 31 July 2017</b>	<b>3,911</b>	<b>652</b>	<b>18,524</b>	<b>11,456</b>	<b>34,543</b>	-	<b>34,453</b>

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Consolidated and SGUL Balance Sheet**

	Notes	2017		2016 (restated)	
		Consolidated £000	SGUL £000	Consolidated £000	SGUL £000
<b>Non-current assets</b>					
Intangible assets	11	3,901	3,901	3,561	3,561
Fixed assets	12	73,148	73,148	73,118	73,118
Investments	13	20,881	19,280	19,170	17,683
Investment in associates	15	181	-	94	-
		<b>98,111</b>	<b>96,329</b>	<b>95,943</b>	<b>94,362</b>
<b>Current assets</b>					
Stock		4	4	3	3
Trade and other receivables	16	12,699	12,733	11,587	11,271
Cash and cash equivalents	22	10,119	9,688	13,063	12,924
		<b>22,822</b>	<b>22,425</b>	<b>24,653</b>	<b>24,198</b>
Less: Creditors; amounts falling due within one year	17	(27,862)	(27,831)	(26,819)	(26,930)
<b>Net current assets</b>		<b>(5,040)</b>	<b>(5,406)</b>	<b>(2,166)</b>	<b>(2,732)</b>
<b>Total assets less current liabilities</b>					
		<b>93,071</b>	<b>90,923</b>	<b>93,777</b>	<b>91,630</b>
Creditors: amounts falling due after more than one year	18	(48,711)	(48,711)	(47,337)	(47,337)
Investment in joint venture	14	-	-	(2,200)	-
<b>Provisions</b>					
Pension provision	19	(7,669)	(7,669)	(7,124)	(7,124)
<b>Total net assets</b>		<b>36,691</b>	<b>34,543</b>	<b>37,116</b>	<b>37,169</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	20	5,552	3,911	5,107	3,603
Income and expenditure reserve - restricted reserve	21	996	652	551	182
		<b>6,548</b>	<b>4,563</b>	<b>5,658</b>	<b>3,785</b>
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted reserve		18,506	18,524	21,105	23,125
Revaluation reserve		11,456	11,456	10,259	10,259
		<b>29,962</b>	<b>29,980</b>	<b>31,364</b>	<b>33,384</b>
Non-controlling interest		181	-	94	-
<b>Total reserves</b>		<b>36,691</b>	<b>34,543</b>	<b>37,116</b>	<b>37,169</b>

The Financial Statements were approved by Council on 21 November 2017 and were signed on its behalf on that date by:

Michael Draper  
Chair of Council

Professor Jenny Higham  
Principal

Anthony Bicknell  
Treasurer



**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Consolidated Cash Flow**

	Notes	2017 £'000	2016 restated £'000
<b>Cash flow from operating activities</b>			
(Deficit)/surplus for the year		(425)	2,609
<b>Adjustment for non-cash items</b>			
Depreciation	12	5,637	5,307
Amortisation of intangibles	11	475	445
Loss/(gain) on investments	13	(1,746)	(399)
Increase in stock		(1)	-
Increase in debtors	16	(1,112)	(135)
Increase/(decrease) in creditors	17	4,614	(2,096)
Increase in pension provision	19	545	1,422
Share of operating deficit in joint venture	14	681	275
Adjustment to reflect share of JV balance sheet	25	(2,881)	-
Share of operating (surplus)/deficit in associate	15	(87)	14
Other non-cash items		116	(122)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(600)	(377)
Interest payable	8	1,121	1,178
Capital grant income		(2,599)	(2,500)
<b>Net cash inflow from operating activities</b>		<b>3,738</b>	<b>5,803</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		793	1,639
Investment and endowment income	5	600	377
Payments made to acquire fixed assets	12	(5,667)	(4,643)
Payments made to acquire intangible assets	11	(815)	(708)
New non-current asset investments	13	-	(5,033)
		<b>(5,089)</b>	<b>(8,368)</b>
<b>Cash flows from financing activities</b>			
Interest paid	8	(1,121)	(1,178)
New unsecured loans		758	255
Repayments of amounts borrowed	17	(1,320)	(1,641)
		<b>(1,593)</b>	<b>(2,564)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(2,944)</b>	<b>(5,129)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>13,063</b>	<b>18,192</b>
<b>Cash and cash equivalents at end of the year</b>	22	<b>10,119</b>	<b>13,063</b>

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Notes to the Accounts**

<b>1 Tuition fee and education contracts</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Full-time students charged home fees	16,495	15,404
Full-time students charged overseas fees	2,624	2,240
Part-time fees	445	110
Non-medical education and training funded by the NHS	10,791	10,886
Short course fees	398	153
	<b>30,753</b>	<b>28,793</b>

<b>2 Funding body grants</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Recurrent grant</b>		
Higher Education Funding Council for England	14,419	16,029
<b>Specific grants</b>		
Higher Education Innovation Fund	332	467
Deferred Capital Grants released in the year:		
Buildings	2,320	2,256
Equipment	154	39
	<b>17,225</b>	<b>18,791</b>

<b>3 Research grants and contracts</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Research Councils UK	2,027	2,180
National Institute for Health Research	1,884	1,415
UK government grants – other	305	583
European Commission	2,275	1,735
Charitable bodies	3,942	3,917
Industry and commerce	803	642
Other	774	1,074
Research and development expenditure credit	1,332	1,295
	<b>13,311</b>	<b>12,841</b>

<b>4 Other income</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Residences, catering and conferences	3,399	3,146
Other services rendered	12,442	13,235
SIFT income	2,016	2,222
Franchise income	1,163	982
Other income	4,654	4,847
Deferred capital grants released in the year	125	205
	<b>23,799</b>	<b>24,637</b>

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Notes to the Accounts**

5 Investment income	Consolidated		SGUL	
	2017	2016	2017	2016
	£000	£000	£000	£000
Investment income on endowments	129	90	91	63
Other investment income	471	287	471	287
	<u>600</u>	<u>377</u>	<u>562</u>	<u>350</u>

6 Donations and endowments	2017	2016
	£000	£000
Restricted donations	744	28
Unrestricted donations	144	5
	<u>888</u>	<u>33</u>

7 Staff costs	Consolidated		SGUL	
	2017	2016 (restated)	2017	2016 (restated)
	£000	£000	£000	£000
Salaries	38,632	38,971	38,584	38,971
Social security costs	3,845	3,339	3,840	3,339
Movement on pension deficit provision	546	1,422	546	1,422
Other pension costs	5,601	4,974	5,592	4,974
	<u>48,624</u>	<u>48,706</u>	<u>48,562</u>	<u>48,706</u>

Emoluments of the Principal	2017	2016
	£000	£000
Professor Jenny Higham (From 1 November 2015)		
Salary	229	141
Clinical excellence award	47	35
Pension contributions	-	17
	<u>276</u>	<u>193</u>

Clinical excellence awards are funded by the Department of Health and this does not represent a cost to SGUL. Salary and clinical excellence award costs noted above include employer's national insurance and the Apprenticeship Levy.

Professor Higham's costs for 2016 relate to 9 months of the financial year as Professor Kopelman was Principal until 31 October 2015.

Professor Peter Kopelman (until 31 October 2015)		
Salary	-	46
Clinical excellence award	-	19
	<u>-</u>	<u>65</u>

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

Remuneration of other higher paid staff, excluding pension contribution, before salary sacrifice.	2017	2016
	No.	No.
£100,000 to £109,999	2	5
£110,000 to £119,999	3	6
£120,000 to £129,999	7	5
£130,000 to £139,999	5	4
£140,000 to £149,999	6	7
£150,000 to £159,999	3	5
£160,000 to £169,999	1	-
£170,000 to £179,999	9	9
£180,000 to £189,999	-	1
£190,000 to £199,999	1	-
£200,000 to £209,999	-	1
	<b>37</b>	<b>43</b>

	2017	2016
Average staff numbers by major category:	No.	No.
Academic	258	284
Research	130	116
Management and specialist	10	9
Technical	55	55
Other	303	301
	<b>756</b>	<b>765</b>

#### Key management personnel

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

	2017	2016
	£000	£000
Key management personnel compensation	1,794	1,463

Compensation consists of salary and benefits including any employer's pension contribution.

#### Council members

SGUL's council members are the trustees for charitable law purposes. Due to the nature of SGUL's operations and the composition of Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms' length and in accordance with SGUL's Financial Regulations and usual procurement procedures.

No council member has received any remuneration/waived payments from SGUL during the year. Five members of Council claimed expenses to a total of £1,488. This represents travel and subsistence expenses incurred in attending Council and other events in their official capacity and the costs associated with the meetings.

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Notes to the Accounts**

<b>8 Interest and other finance costs</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loan interest	1,121	1,178
Net charge on pension schemes	124	75
Other charges	(33)	-
	<b>1,212</b>	<b>1,253</b>

<b>9 Other operating expenses by activity</b>	<b>Consolidated</b>		<b>SGUL</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Academic and related expenditure	10,632	10,362	9,840	9,840
Research grants and contracts	4,303	3,818	4,303	3,818
Premises	6,575	7,135	6,575	7,135
Residences, catering and conferences	1,069	1,096	1,069	1,096
Other operating expenses	4,577	4,382	5,079	5,172
	<b>26,886</b>	<b>26,691</b>	<b>26,968</b>	<b>27,061</b>

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Other operating expenses include:		
Internal auditor remuneration	80	76
External auditor remuneration in respect of audit services	85	86
External auditor remuneration in respect of subsidiaries	5	5
External auditor remuneration in respect of non-audit services	-	47
Corporate subscriptions	273	207
Software licences	401	330
Operating lease rentals	100	144
Grants to Student Union	229	229
Redundancy and voluntary severance costs	70	189
Other	3,334	3,766
	<b>4,577</b>	<b>5,079</b>

<b>10 Taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Adjustment in respect of research and development expenditure credit (see note 3)	280	294
	<b>280</b>	<b>294</b>

<b>11 Intangible assets</b>	<b>2017</b>
	<b>£000</b>
<b>Software</b>	
<b>As at 1 August 2016</b>	<b>3,561</b>
Additions in the year	815
Amortisation charge for the year	(475)
<b>As at 31 July 2017</b>	<b>3,901</b>

The additions in the year relate to the purchase of computer software, including that under development.

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Notes to the Accounts**

**12 Tangible Fixed Assets**

	Freehold Land	Freehold Building	Leasehold Building	Fixtures, Fittings & Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
As at 1 August 2016	10,330	26,683	84,779	10,786	3,710	136,288
Additions	-	-	3,319	941	1,407	5,667
Transfers	-	-	3,703	-	(3,703)	-
<b>As at 31 July 2017</b>	<b>10,330</b>	<b>26,683</b>	<b>91,801</b>	<b>11,727</b>	<b>1,414</b>	<b>141,955</b>
<b>Depreciation</b>						
As at 1 August 2016	-	4,022	49,307	9,841	-	63,170
Charge for the year	-	590	4,690	357	-	5,637
<b>As at 31 July 2017</b>	<b>-</b>	<b>4,612</b>	<b>53,997</b>	<b>10,198</b>	<b>-</b>	<b>68,807</b>
<b>Net book value</b>						
<b>As at 31 July 2017</b>	<b>10,330</b>	<b>22,071</b>	<b>37,804</b>	<b>1,529</b>	<b>1,414</b>	<b>73,148</b>
As at 31 July 2016	10,330	22,661	35,472	945	3,710	73,118

As at 31 July 2017 freehold land and buildings included £10.3m (2016 - £10.3m) in respect of freehold land and was not depreciated.

A full valuation of SGUL's halls of residence was carried out as at 31 July 2014 by Gerald Eve.

**St George's University of London**  
**Financial Statements for the year ended 31 July 2017**

**Notes to the Accounts**

**13 Non-current investments**

<b>Consolidated</b>	<b>Other fixed asset investments £000</b>	<b>Subsidiary companies £000</b>	<b>Total £000</b>
As at 1 August 2016	19,160	10	19,170
Expenditure for the year	(35)	-	(35)
Realised gain	117	-	117
Unrealised gain	1,629	-	1,629
<b>As at 31 July 2017</b>	<b>20,871</b>	<b>10</b>	<b>20,881</b>

<b>SGUL</b>	<b>Other fixed asset investments £000</b>	<b>Subsidiary companies £000</b>	<b>Total £000</b>
As at 1 August 2016	17,683	-	17,683
Additions	-	-	-
Expenditure for the year	(16)	-	(16)
Realised gain	109	-	109
Unrealised gain	1,504	-	1,504
<b>As at 31 July 2017</b>	<b>19,280</b>	<b>-</b>	<b>19,280</b>

The non-current investments have been valued at market value.

	<b>Consolidated £000</b>	<b>SGUL £000</b>
<b>Analysis by asset</b>		
UK equities	9,047	8,341
International equities	5,248	4,839
Multi-asset funds	1,369	1,262
Hedge funds	1,086	1,001
Property	2,857	2,634
Others	803	742
Cash	461	461
	<b>20,871</b>	<b>19,280</b>

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

#### 14 Investment in joint venture

SGUL holds a 50% share of INTO St George's Medical School LLP, a limited liability partnership. The interest is held on SGUL's behalf by its wholly owned subsidiary, St George's Global Partners Ltd.

The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the limited liability partnership's gross assets and liabilities are incorporated into the consolidated Balance Sheet of SGUL and 50% of its net income is reported in SGUL's Consolidated Statement of Comprehensive Income and Expenditure.

The partnership will be formally dissolved on 30 November 2017.

	2017		2016	
Income and expenditure account	£000	£000	£000	£000
Income		3,994		3,145
Deficit before tax		(681)		(275)
<b>Balance Sheet</b>				
Fixed assets	-		138	
Current assets	192		615	
		192		753
Creditors: amounts due within one year	(2,683)		(2,063)	
Creditors: amounts due in more than one year	(390)		(890)	
		(3,073)		(2,953)
<b>Share of net liabilities</b>		<b>(2,881)</b>		<b>(2,200)</b>
Adjustment to reflect share of joint venture balance sheet on dissolution		2,881		-
<b>Value of investment in joint venture</b>		<b>-</b>		<b>(2,200)</b>

#### 15 Investment in associates

SGUL holds a 40% share in Tika Diagnostics Limited and a 35% share in BUGS Bioscience Limited via St George's Enterprises Limited.

- Tika Diagnostics Limited develops supplements to accelerate the growth of tuberculosis in cultures.
- BUGS Bioscience Limited delivers a global platform for molecular surveillance of infectious diseases.

The investments in associates consist of	2017	2016
	£000	£000
Tika Diagnostics Ltd (40%)	130	59
BUGS Biosciences Ltd (35%)	51	35
	<b>181</b>	<b>94</b>



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**Notes to the Accounts**

16 Trade and other receivables	Consolidated		SGUL	
	2017	2016	2017	2016
	£000	£000	£000	£000
Amounts falling due within one year:				
Research grants receivables	5,410	2,659	5,410	2,659
Trade receivables	1,137	3,895	1,137	3,577
St George's University Hospital NHS Foundation Trust	1,097	1,509	1,097	1,509
Prepayments and accrued income	1,587	1,198	1,587	1,198
Other receivables	3,468	1,436	3,430	1,436
Amounts due from subsidiary companies	-	-	72	2
	<b>12,699</b>	<b>10,697</b>	<b>12,733</b>	<b>10,381</b>
Amounts falling due in more than one year:				
Loan to INTO St George's LLP	-	890	-	890
	<b>12,699</b>	<b>11,587</b>	<b>12,733</b>	<b>11,271</b>

17 Creditors: amounts falling due within one year	Consolidated		SGUL	
	2017	2016	2017	2016
	£000	£000	£000	£000
Unsecured loans	1,442	1,230	1,442	1,230
Deferred capital grants	923	1,656	923	1,656
Research grants and contracts	7,966	6,772	7,966	6,772
Trade payables	4,661	3,279	4,661	3,279
Other payables	4,636	7,571	4,564	7,510
Taxation and social security creditors	985	-	985	-
St George's University Hospital NHS Foundation Trust	848	438	848	438
Accruals and deferred income	6,401	5,873	6,401	5,873
Amounts due to subsidiary companies	-	-	41	172
	<b>27,862</b>	<b>26,819</b>	<b>27,831</b>	<b>26,930</b>

**Deferred income**

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

	2017	2016
	£000	£000
SIFT Income	410	427
Other deferred income	2,650	3,050
	<b>3,060</b>	<b>3,477</b>

**St George's University of London**  
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18 Creditors: amounts falling due after more than one year	Consolidated		SGUL	
	2017	2016	2017	2016
	£000	£000	£000	£000
Deferred capital grants	23,099	24,091	23,099	24,091
Unsecured loans	22,562	23,246	22,562	23,246
Other long term liabilities	3,050	-	3,050	-
	<b>48,711</b>	<b>47,337</b>	<b>48,711</b>	<b>47,337</b>

Analysis of unsecured loans

Due within one year or on demand	1,442	1,230
Due between one and two years	1,463	1,252
Due between two and five years	4,461	3,882
Due in five years or more	16,638	18,112
	<b>24,004</b>	<b>24,476</b>

Included in loans are the following

	Amount £000	Term	Interest rate %
Barclays Bank plc	11,769	30 years	5.08
Barclays Bank plc	1,727	29 years	5.10
Santander UK plc	3,833	25 years	4.20
Santander UK plc	2,376	24 years	4.20
Santander UK plc	291	22 years	4.18
Santander UK plc	1,470	10 years	4.20
Santander UK plc	1,530	9 years	4.15
Santander UK plc	250	8 years	4.15
Salix Finance Ltd	758	6 years	0.00
	<b>24,004</b>		

**19 Provisions for liabilities**

	Obligation to fund deficit on USS pension £000	Obligation to fund deficit on SAUL pension £000	Obligation to fund deficit on LGPS pension £000	Total pensions provisions £000
As at 1 August 2016 (restated)	(4,794)	(217)	(2,113)	(7,124)
(Increase)/decrease	(390)	98	(253)	(545)
<b>As at 31 July 2017</b>	<b>(5,184)</b>	<b>(119)</b>	<b>(2,366)</b>	<b>(7,669)</b>

**Pension fund deficit provisions**

The obligations to fund the past deficits on the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the Local Government Pension Scheme (LGPS) arise from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance.

**St George's University of London**  
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**Notes to the Accounts**

**20 Endowment Reserves**

Restricted net assets relating to the endowments are as follows:

	Consolidated			SGUL		
	Permanent restricted	Expendable	Total	Permanent restricted	Expendable	Total
	£000	£000	£000	£000	£000	£000
<b>As at 1 August 2016</b>						
Capital	2,517	3,358	5,875	1,060	3,358	4,418
Accumulated income	193	(961)	(768)	146	(961)	(815)
	<b>2,710</b>	<b>2,397</b>	<b>5,107</b>	<b>1,206</b>	<b>2,397</b>	<b>3,603</b>
<b>Income for the year</b>						
Investment income	68	61	129	30	61	91
Expenditure	(70)	(94)	(164)	(13)	(94)	(107)
Increase in market value of investments	236	244	480	80	244	324
<b>Total endowment income for the year</b>	<b>234</b>	<b>211</b>	<b>445</b>	<b>97</b>	<b>211</b>	<b>308</b>
<b>As at 31 July 2017</b>	<b>2,944</b>	<b>2,608</b>	<b>5,552</b>	<b>1,303</b>	<b>2,608</b>	<b>3,911</b>
<b>Represented by:</b>						
Capital	2,753	3,602	6,355	1,140	3,602	4,742
Accumulated income/(excess expenditure)	191	(994)	(803)	163	(994)	(831)
	<b>2,944</b>	<b>2,608</b>	<b>5,552</b>	<b>1,303</b>	<b>2,608</b>	<b>3,911</b>

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	<b>Consolidated</b>	<b>SGUL</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis by type or purpose</b>		
Lectureships	1,641	-
Scholarships and bursaries	1,209	1,209
Research support	1,344	1,344
Prize funds	937	937
General	421	421
	<b>5,552</b>	<b>3,911</b>
<b>Analysis by asset</b>		
UK equities	2,388	1,683
International equities	1,385	976
Multi-asset funds	362	255
Hedge funds	287	202
Property	754	531
Others	211	148
Cash	165	116
	<b>5,552</b>	<b>3,911</b>

<b>21 Restricted reserves</b>	<b>2017</b>			<b>2016</b>
<b>Consolidated</b>	<b>Donations</b>	<b>Eleanor Peel restricted I&amp;E</b>	<b>Total</b>	<b>(restated)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 August 2016	182	369	551	369
New donations	679	-	679	210
Expenditure	(209)	(25)	(234)	(28)
<b>Total restricted comprehensive income</b>	<b>470</b>	<b>(25)</b>	<b>445</b>	<b>182</b>
<b>As at 31 July 2017</b>	<b>652</b>	<b>344</b>	<b>996</b>	<b>551</b>

<b>SGUL</b>	<b>2017</b>		<b>2016</b>
	<b>Donations</b>	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 August 2016	182	182	-
New donations	679	679	210
Expenditure	(209)	(209)	(28)
<b>Total restricted comprehensive income</b>	<b>470</b>	<b>470</b>	<b>182</b>
<b>As at 31 July 2017</b>	<b>652</b>	<b>652</b>	<b>182</b>

	<b>Consolidated</b>	<b>SGUL</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis by type or purpose</b>		
Lectureships	344	-
Research support	652	652
	<b>996</b>	<b>652</b>

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

22 Cash and cash equivalents	As at 1 August 2016 £000	Cash flows £000	As at 31 July 2017 £000
Cash and cash equivalents	13,073	(2,954)	10,119

23 Capital and other commitments	2017 £000	2016 £000
Commitments approved but not contracted for	3,872	4,160
Commitments contracted for	2,099	1,194
	<b>5,971</b>	<b>5,354</b>

24 Operating leases	2017 £000	2016 £000
Total rentals payable under operating leases		
Payable during the year	100	146
Future minimum lease payments due		
No later than one year	77	75
Later than one year and no later than five years	230	300
<b>Total lease payments due</b>	<b>307</b>	<b>375</b>

### 25 Exceptional Items

As a result of the dissolution of the INTO St George's Medical School LLP, SGUL agreed to pay INTO University Partnerships (IUP) £4.8m in return for receiving all future fees from students taking St George's International MBBS programmes. SGUL is responsible for all costs relating to these courses whilst students are enrolled on these programmes.

These payments will be paid to IUP based on an agreed schedule which is approximately in line with the fees which will be received.

The LLP will be formally dissolved on 30 November 2017 and no major activity will be undertaken in the period between 31 July and 30 November 2017. As both the loan and the outstanding debtor will be written back, delivering a surplus in the LLP, this has been reflected in the balance sheet, as has the negative investment which does not show a fair reflection of the LLP position at 31 July 2017.

	Consolidated £000	SGUL £000
Settlement payment	(4,800)	(4,800)
Write off of outstanding debtors	(2,720)	(2,720)
Write off of loan	(400)	(400)
Adjustment to reflect share of joint venture balance sheet on dissolution	2,881	-
<b>Exceptional item</b>	<b>(5,039)</b>	<b>(7,920)</b>

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

#### 26 Prior Year Adjustments

A valuation of the Kingston University Local Government Pension Scheme (LGPS) was completed in the prior year which identified a portion of its deficit which was allocated to staff of the FHSCE. SGUL's share of this liability has been adjusted through the prior year accounts.

	Reported 2016	Adjustment	Restated 2016
	£000	£000	£000
Pension provision opening balance	(5,011)	(1,317)	(6,328)
Increase in provision		(796)	
Pension provision closing balance	(5,011)	(2,113)	(7,124)

	Reported 2016	Adjustment	Restated 2016
	£000	£000	£000
Staff costs	47,910	796	48,706
Unrestricted I&E reserve – opening balance	20,940	(1,317)	19,623
Movement in surplus	2,480	(796)	1,684
Unrestricted I&E reserve – closing balance	23,420	(2,113)	21,307

As part of the FRS 102 conversion, research grants advanced payments were moved to a restricted reserve. This treatment was incorrect and these amounts have been moved into Creditors: amounts falling due within one year and shown separately in note 17.

In the consolidated accounts, the reserves for Eleanor Peel had been incorrectly categorised as part of the revaluation and unrestricted income and expenditure reserves rather than as a restricted reserve.

	Reported 2016	Adjustment (research grants)	Adjustment (Eleanor Peel)	Restated 2016
	£000	£000	£000	£000
Restricted I & E reserve	7,032	(7,032)	369	369
Unrestricted I&E reserve (adjusted)	19,623	-	(202)	19,421
Revaluation reserve	9,737		(167)	9,570
Movement in reserves	36,392	(7,032)	-	29,360
Creditors: amounts falling due within one year	20,007	7,032		26,769

# St George's University of London

## Financial Statements for the year ended 31 July 2017

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### Notes to the Accounts

#### 27 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by SGUL, are as follows:

Company	Principal Activity	Ownership
St George's Enterprises Ltd	Provides consultancy services to the medical sector on behalf of SGUL and holds investments in two spin out companies.  SGUL directly holds 2 ordinary shares of £1	100% owned
St George's Global Partners Ltd	Holds SGUL's 50% interest in INTO St George's Hospital Medical School LLP, a joint venture with International University Partnerships Ltd.  SGUL directly holds 1 ordinary share of £1	100% owned
St George's Estates Ltd	Non-trading  SGUL directly holds 2 ordinary shares of £1	100% owned

#### 28 Related Party Transactions

SGUL enjoys close relationships with Kingston University, St George's NHS Trust and similar health providers and purchaser organisations that actively support medical education. Kingston University and St George's NHS Trust are represented on SGUL's Council. Income from these organisations is included within Other Operating Income – services rendered (Note 4) and the balance owed by St George's NHS Trust, being the most material, is set out in Note 16 and amounts due to St George's NHS Trust in Note 17.

The Faculty of Health, Social Care and Education provides education for nursing, midwifery and other allied health professions. The Dean of the Faculty is a member of the Strategy Planning and Resources Committee. Under the terms of the Joint Arrangement Agreement, the assets, liabilities, income and expenditure of the Faculty are divided equally between SGUL and Kingston University. SGUL's share of the gross income from the contract is recorded in Tuition fees and education contracts in Note 1, and expenses are included under the appropriate expenditure headings.

The Students' Union is a separate legal entity registered with the Charity Commission. It is a related party through representation by its President on Council. SGUL provides space and an annual grant to the Students' Union. The Students' Union provides hospitality services and items from its retail outlets to SGUL from time to time, for which a charge is made.

Transactions with Council Members are limited to reimbursement of expenses. Council Members complete a statement of related party interests each year detailing any entities for which they are a Director, Partner, Proprietor or Trustee and with which SGUL undertakes business. There were no significant transactions with any of these entities.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

#### 29 Pension Schemes

SGUL participates directly in four pension schemes for its employees – the Universities Superannuation Scheme (USS), the Superannuation Arrangements of University of London (SAUL), the National Health Service Superannuation Scheme (NHSSS), the National Employment Savings Trust (NEST) and indirectly in the Royal Borough of Kingston upon Thames' Teachers Pension scheme (TPS) and Local Government Pension Scheme (LGPS) through its joint activity with Kingston University.

SGUL's total pension costs were:	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
USS	3,038	2,726
SAUL	621	554
NHSSS	991	1,051
TPS	697	440
LGPS	249	201
NEST	5	2
	<b>5,601</b>	<b>4,974</b>

#### Universities Superannuation Scheme (USS)

The total cost charged to the income and expenditure account is £3.0m (2016: £2.7m). The contribution rate payable by SGUL was 18% of employee salaries.

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

Since SGUL cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	<b>2017</b>	<b>2016</b>
Discount rate	2.57%	3.60%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality year	99% of S1NA ["light"] YoB tables – rated down 1



# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	<b>2017</b>	<b>2016</b>
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	<b>2017</b>	<b>2016</b>
	<b>£bn</b>	<b>£bn</b>
Scheme assets	60.0	49.8
Total scheme liabilities	77.5	58.3
FRS 102 total scheme deficit	17.5	8.5
FRS 102 total funding level	77%	85%

#### Superannuation Arrangements of the University of London (SAUL)

The total cost charged to the income and expenditure account is £0.6m (2016: £0.6m). The contribution rate payable by SGUL was 16% of employee salaries.

The Superannuation Arrangements of the University of London (SAUL) is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016). It is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section closed from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016. SGUL is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014. 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 in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The trustee and employers have agreed that the technical provisions deficit at the 31 March 2014 valuation will be addressed by increased employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the employers' contribution increased from 13% of salaries to 16% of salaries with effect from 1 April 2016.

# St George's University of London

## Financial Statements for the year ended 31 July 2017

### Notes to the Accounts

#### National Health Service Superannuation Scheme (NHSSS)

The total cost charged to the income and expenditure account is £1.0m (2016: £1.1m). The contribution rate payable by SGUL was 14.3% of employee salaries.

The NHSSS is an unfunded defined benefit scheme, funded centrally by the Treasury on a current cost basis and available to staff who immediately prior to appointment at SGUL were members of the scheme. As the NHSSS is a multi-employer scheme consequently it is unlikely that it will be possible to identify SGUL's share of the assets and liabilities and is therefore accounted for on a contributions basis.

Surpluses or deficits which arise at future valuations may impact on SGUL's future contribution commitment. A formal valuation of the scheme last took place on 31 March 2012. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis.

#### National Employment Savings Trust (NEST)

The National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme in the United Kingdom. It was set up to facilitate automatic enrolment as part of the government's workplace pension reforms under the Pensions Act 2008.

#### Royal Borough of Kingston upon Thames Pension Funds

SGUL indirectly participates in the Royal Borough of Kingston upon Thames pension schemes, comprising the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), providing benefits based on final pensionable pay.

#### Teachers' Pension Scheme

The total cost charged to the income and expenditure account is £0.7m (2016: £0.4m). The employer's contribution rate is 16.48% of employee salaries.

The TPS is a national, statutory, unfunded, defined benefit scheme and it is not possible to identify SGUL's share of the underlying assets and liabilities

The last valuation of the scheme as at 31 March 2012 revealed that the scheme was in deficit.

#### Local Government Pension Scheme

The total cost charged to the income and expenditure account is £0.2m (2016: £0.2m). The employer's contribution rate is 26.2% of employee salaries.

LGPS is a defined benefit scheme operated on behalf of the employees of Kingston University. The figures disclosed have been derived from the actuarial valuations carried out by Hymans Robertson LLP as at 31 July 2017. The date of the last triennial valuation was 31 March 2016.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	<b>2017</b>	<b>2016</b>
Discount rate	2.7%	2.4%
Pensionable salary growth	2.9%	2.3%
Pension increases	2.5%	1.9%

The main demographic assumption used relates to the mortality assumptions. The table below shows the life expectancy assumptions based on male and female members at 65

	<b>Males</b>	<b>Females</b>
Current pensioners	22.5 years	24.7 years
Future pensioners	24.6 years	27.0 years

# St George's University of London

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### Notes to the Accounts

SGUL's share of the scheme assets and liabilities are shown below:

Reconciliation of movement in the fair value of plan assets	2017	2016
	£000	£000
Opening position	5,075	4,497
Interest on plan assets	124	52
Plan participants' contributions	61	21
Employer contributions	248	80
Benefits paid	(130)	(48)
Return on assets excluding amounts included in net interest	396	473
Closing position	5,774	5,075

Reconciliation of the present value of the defined benefit obligation

	2017	2016
	£000	£000
Opening position	7,187	5,858
Current service costs	310	74
Interest cost on defined benefit obligation	175	67
Plan participants contributions	61	21
Benefits paid	(130)	(48)
Change in financial assumptions	537	1,215
Closing position	8,140	7,187

### 30 Accounting estimates and judgements

SGUL has made the following key assumptions concerning the future and key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year such as:

#### Pension

The principal assumptions relate to mortality of members, the rate of staff cost inflation and the discount rate.

#### HEFCE clawback

An estimate has been made on the number of non-completing students which may result in a clawback of HEFCE income.