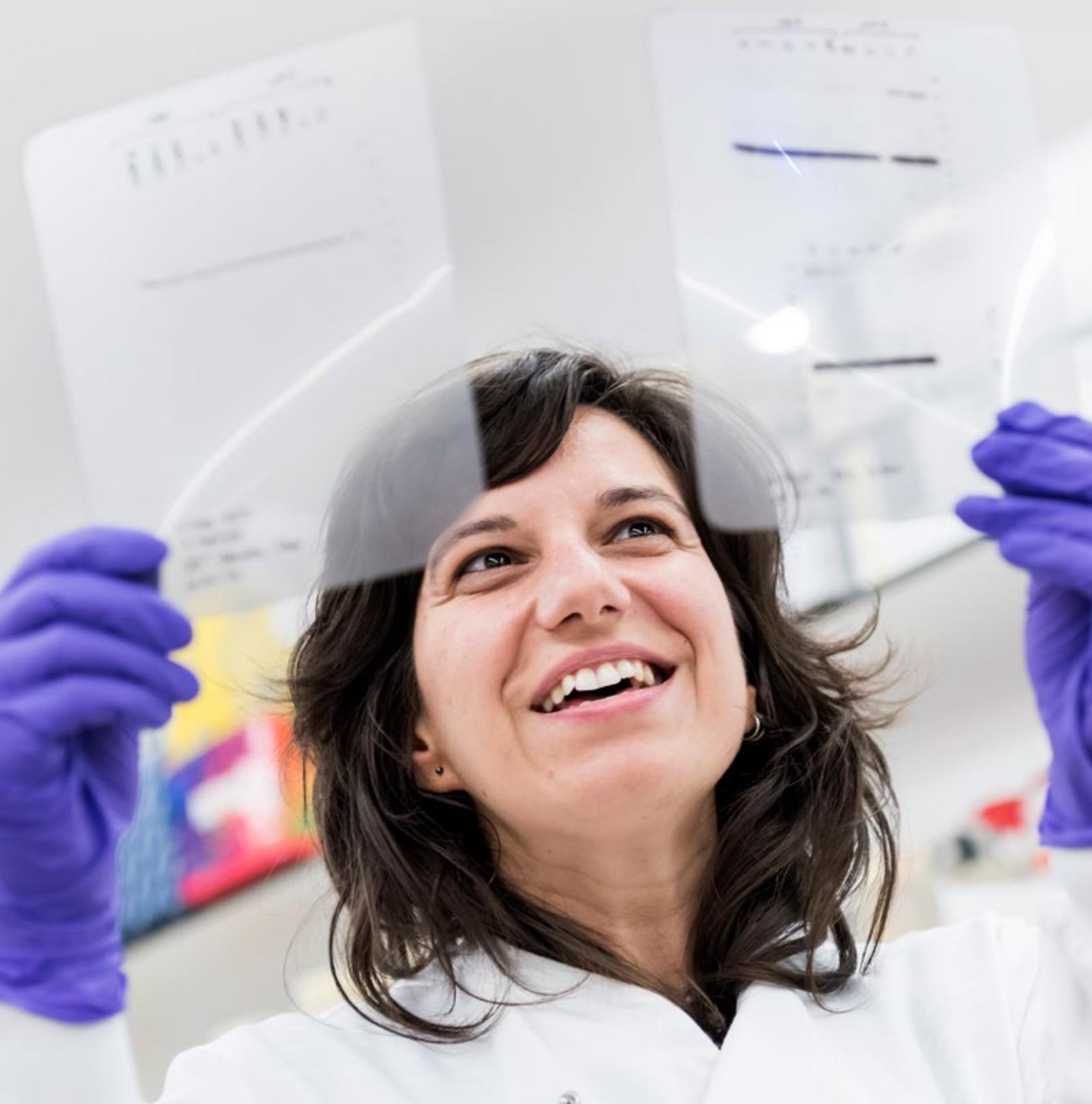


2018/19

ANNUAL REPORT
AND FINANCIAL STATEMENTS



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This has been a very exciting year for St George's in so many ways and it has been a pleasure to watch it unfold.



We try very hard to constantly improve and probably the most obvious example of this has been the investment made in the Estates Masterplan. We have opened a new state of the art radiography suite, which allowed us to have all our radiography students being taught in the same location for the first time, and a new reception, Student Services office and mingling space has been developed alongside a new lecture theatre and teaching rooms.

Space is needed as our courses continue to expand and we are excited to launch a new BSc in Clinical Pharmacology. This discipline is a key area where the country can develop its industrial strategy and contribute to the UK economy. This course has been co-designed with the wider external academic and pharmaceutical community to make sure we deliver an education tailored to future successful careers in the field.

We are specialists in health and world leading in a number of areas of research. Our location, on the site of a major hospital, has unique benefits for current and future patients. Working in partnership with the Trust, we have marked the milestone this year of recruiting over 10,000 patients into clinical trials in a single 12 month period. We want to embed more research into clinical practice, giving current patients access to the newest treatments, otherwise unavailable, and contributing to future developments. Our successful "Spotlight on Science" series continues to attract a wide public audience, with the most recent lecture being on revolutionary cancer treatment. Our science may be created locally in Tooting but results in global benefits and our studies cross many continents.

Since 2014, Professor Julian Ma has collaborated with HM Prison Wandsworth on a science engagement programme in which he and other staff and students have visited the prison to give talks on topical scientific issues. In May, our "Inside Science: A conversation between art and science" exhibition featured the work produced by prisoners in creative response to those talks. Over 3,300 people saw the installation at St George's before it went on permanent display at HMP Wandsworth.

As a new addition to many of our civic engagement roles, we have launched Science Stars, a programme where our undergraduates mentor GCSE students working towards the compulsory Double Science exam, we have had excellent feedback on the programme from all involved, proven better attainment and are looking forward to its future development.

The sector is always changing and we need to continue to respond positively across all domains. We are supporting our academic mission by moulding a refreshed, intellectually stimulating, attractive, friendly and supportive environment, helping St George's be the place of first choice for students, staff and supporters alike.

PROFESSOR JENNY HIGHAM
PRINCIPAL

For a sector which deals with constant change, this current time is one of the most unsettling in decades for universities.



The publication of the Augar report, with its implications for funding; the demographic dip with a historically low number of school age leavers; the uncertainty around Brexit and the possible impact on research funding, international students and the supply chain all put St George's in the middle of a tumultuous period. Add in the changes to sector pension schemes, particularly USS, and universities are working hard to invest in their students' experience whilst ensuring they remain financially sustainable.

Both our students and staff are making an impact in the wider world and, for the fourth year in a row, St George's topped the league table for graduate prospects, showing that the skills our students gain are in high demand. Below are some examples of why that is the case.

Khadija Owusu (MBBS5) is the Outreach Coordinator at Melanin Medics, an organisation for BAME medics. Her role involves organising visits, leading and running workshops at various schools across London and she has engaged with almost 1000 students from primary school through to sixth form over the past year. Matt Glendenning (Paramedic Science) set up a branch of the Global Bridges Society – the largest student-led movement for global health, and this summer, St George's students worked alongside doctors and nurses in rural medical clinics in Ghana.

Professor Mike Sharland, one of the UK and Europe's leading experts on antimicrobial prescribing, was recognised in this year's Queen's Birthday Honours with a CBE for his work on anti-microbial resistance. His research is having an international transformative impact and it is particularly gratifying to see this recognised at such a high level.

With our strategic aims of pursuing excellence in medicine, healthcare and science, St George's continues to have a positive impact on society, both locally and globally, and, as we move into a new year, we will keep this at the forefront of everything we do.

MICHAEL DRAPER
CHAIR OF COUNCIL

AUGUST 2018

A new online course to educate healthcare professionals about organ donation – the first of its kind in the world – is launched by St George's with NHS Blood and Transplant. It was co-created by Professor Hannah Cock, Professor of Epilepsy and Medical Education and Consultant Neurologist at St George's, following her experience of her son, Alfie, being an organ donor in 2016 aged nine.



OCTOBER 2018

St George's PhD student Natasha Clarke won the Max Perutz Science Writing Award 2018 with her essay submission 'How artificial intelligence, and a cup of tea, could help diagnose Alzheimer's disease'. The Medical Research Council award recognises the importance of using everyday language to explain research so that non-scientists can better understand it.



DECEMBER 2018

Cardiac research at St George's is featured as part of a nationwide campaign that promotes the benefits of universities to UK society. The MadeAtUni campaign, run by Universities UK (UUK) – the organisation that represents UK universities – was developed in response to research into public perceptions of universities.

FEBRUARY 2019

For the first time, over 10,000 patients are recruited into clinical research trials by St George's University Hospitals NHS Foundation Trust, working with St George's, University of London, in a single 12 month period, spanning a range of clinical specialties.



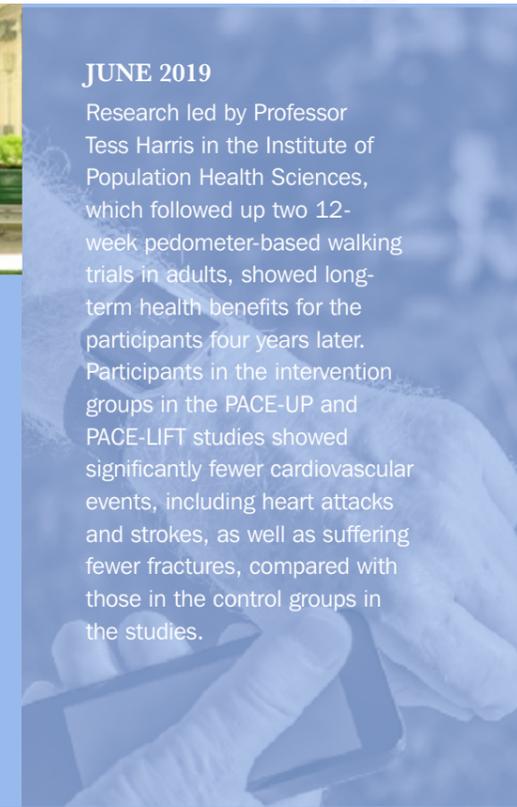
APRIL 2019

Two researchers from St George's won a Cancer Research Innovation Prize for their novel plan to use plant engineering to create antibodies for cancer immunotherapy. Dr Audrey Teh and Dr Laura Ridgely aim to use their combined experience in antibody plant manufacturing and oncology to investigate the quality and efficiency of antibodies grown in tobacco plants.



JUNE 2019

Research led by Professor Tess Harris in the Institute of Population Health Sciences, which followed up two 12-week pedometer-based walking trials in adults, showed long-term health benefits for the participants four years later. Participants in the intervention groups in the PACE-UP and PACE-LIFT studies showed significantly fewer cardiovascular events, including heart attacks and strokes, as well as suffering fewer fractures, compared with those in the control groups in the studies.



NOVEMBER 2018

In partnership with Ernest Bevin College in Tooting Bec, St George's launches Science Stars, aiming to foster a love of science while boosting local pupils' GCSE grades. As part of the 20-week programme, conceived by the University's Widening Participation team, undergraduate students from St George's visited the school each week to mentor small groups of science pupils.



SEPTEMBER 2018

For the third year running, The Times and Sunday Times Good University Guide 2019 ranks St George's best for graduate prospects in the UK, with 93.8% of the University's graduates moving straight into professional employment or further study.



JANUARY 2019

Preparatory work to erect hoardings and demolish old offices begins as part of the wider redevelopment of the ground floor of Hunter wing. When completed, the redevelopment will include a new lecture theatre, Student Services office, reception desk, break-out seating and teaching rooms.



MARCH 2019

Alumnus Paul Sinha – known for his role as the Sinnerman on ITV quiz show 'The Chase' – hosted a quiz night in the Students' Union Bar which was attended by more than 100 alumni, staff and students and raised over £2,500 for St George's.

MAY 2019

Dr Kirsty Le Doare is awarded one of the first Future Leaders Fellowships by UK Research and Innovation (UKRI), which will provide seven years of funding and support for her work in Uganda and the UK, investigating ways to improve outcomes from infection in women and their infants during pregnancy and early life.



JULY 2019

Professor Mike Sharland awarded a Commander of the British Empire (CBE) for his work on antimicrobial resistance in this year's Queen's Birthday Honours. Professor Sharland, based in the Institute for Infection and Immunity, is one of the UK and Europe's leading experts on antimicrobial prescribing.

OUR STRATEGY

2018/19 was the second year our Strategic Plan 2017-2022, setting goals for our pursuit of excellence in medicine, healthcare and science. Our strategy is structured around five strategic themes: Education and Students; Research Excellence and Impact; and Facilitating Excellence in - People and Partners; Environment and Sustainability and Operational Excellence. The Strategic Plan 2017-2022 is available on our website. Our Operational Plan has been developed to set out the detailed activities we will undertake to achieve the objectives set out in our Strategic Plan. A monitoring framework has also been established to provide Council with biannual updates on progress and performance against our 12 KPIs.

OUR STAKEHOLDERS

Being a diverse organisation, St George's works and interacts with an array of stakeholders whom we engage with in a variety of different ways.

STUDENTS

Our 4,692 students make up a diverse population from over 70 countries. They are at the heart of our activities and business decisions and we seek to engage with our students in order to enhance teaching and learning, improve their experience and support them to reach their full potential. Our students' interests are reflected in several of our KPI targets, for example achieving 90% satisfaction in the National Student Survey Overall Satisfaction (Q27) by 2020 and a further increase to 92% by 2022. We engage with our students in a variety of ways, including asking students to elect representatives who attend student-staff liaison groups, providing a dedicated space for the student voice to be heard, acted upon and feedback on actions given. We also have student representation on our committees, including Council, facilitating conversations directly with senior management.

STAFF

Our 738 staff are vital to realising our ambitions. At St George's we support our staff in fulfilling their potential in a collaborative, inclusive and supportive community.

A key way we engage with our staff is through our regular "Principal Introduces" and "Principal's Briefing and Q&A" all-staff events. These events provide an opportunity to learn about other areas of work at St George's, to hear the



Principal's views on, and discuss, higher education matters, and to network with colleagues whom staff might not otherwise meet. We also regularly request staff feedback, for example through surveys and focus groups to assess our status with regards to staff development and career progression. For example, feedback from our July 2018 staff pulse survey helped us to develop our learning and development offer for 2018/19.

ALUMNI

We have an engaged alumni community of close to 19,000. In 2018/19, nine alumni events took place including a Quiz Night hosted by alumnus Paul Sinha. This event raised money for the St George's Annual Fund which supports a variety of student grants, initiatives and support schemes. Other events included a Celebration of 20 Years of Physiotherapy, where staff and alumni shared memories of studying physiotherapy at St George's over the years.

This year the Development and Alumni Relations office have undertaken several projects to engage better with our alumni, especially new graduates, including working closely with the Careers Team to involve alumni in career support activities and having a presence at this year's Graduation Ceremonies, as well as providing free video clips of the day to encourage graduates to continue their relationship with St George's.

THE OFFICE FOR STUDENTS

Following our successful registration with the Office for Students (OfS) in July 2018, we continue to comply with all conditions of registration.

During 2018/19, we successfully gained approval for our new Access and Participation Plan. This covers a five year period from 2020-2025 and sets out how we will ensure equality of opportunity for students from under-represented groups at all points of the student journey from access to student success and progression.

ST GEORGE'S UNIVERSITY HOSPITALS NHS FOUNDATION TRUST (SGUHFT)

We have a unique relationship with SGUHFT, with which we share our campus. Our close partnership provides continuous clinical insight that helps keep our research and teaching relevant to evolving healthcare needs. For example, this year, for the first time in a single 12 month period, over 10,000 patients were recruited into clinical research trials by SGUHFT, working with St George's, spanning a range of clinical specialties.

We engage with SGUHFT both formally through reciprocal membership on each other's Boards, and less formally through day to day activities across education and research. 2017/18 saw the re-launch of the Joint Implementation Board, providing an improved engagement with SGUHFT and discussion of both strategic and operational matters.

OUR LOCAL COMMUNITY

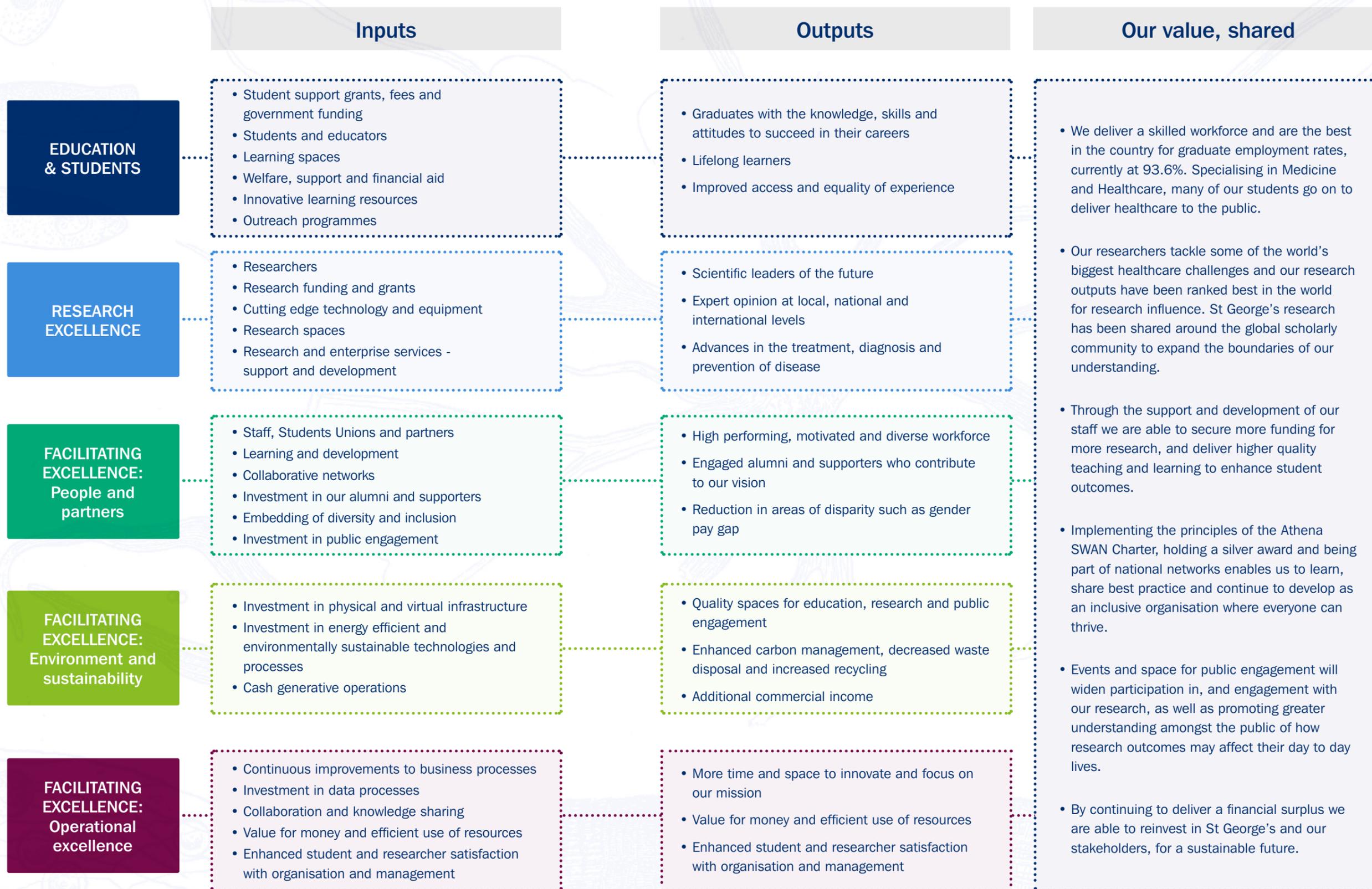
Our campus is located in Tooting, South West London, and we are proud of the strong connections we have with our local community. We have a thriving partnership with HMP Wandsworth collaborating on our Inside Science programme which culminated in a successful art exhibition in May that was enjoyed by over 2,000 visitors. Our "Spotlight on Science" series shares our research with the public, fostering dialogue about science, healthcare and medicine. We have run Open Laboratory tours and opened our Archive to visitors showing the range of work and history at the University to a wide audience.

Much of our engagement with the local community supports our widening participation and out reach work, through which we encourage applicants and students from groups that are currently under-represented at university. We run many school and college events, beginning with primary age children, in which we are supported by our student ambassadors who act as role models and encourage local students to aim high. This year we were delighted to welcome a new student who had been a participant in one of these events and is now training as a student ambassador to inspire others to follow in her path.

KINGSTON UNIVERSITY

In 1996 St George's established a partnership with Kingston University to jointly offer courses in health and social care, and conduct practice-focused research within the Faculty of Health, Social Care and Education (FHSCE). We engage with the Joint Faculty both formally through representation on committees as well as through our day to day activities.

Pursuing excellence in medicine, healthcare and science



The Financial Statements of St George's are prepared in accordance with the "Statement of Recommended Practice: Accounting for Further and Higher Education 2015" and with reference to the conditions of registration which regulates the formal relationship between the Office

for Students (OfS) and St George's. OfS also acts on behalf of the Charity Commission as the principal regulator of St George's as an exempt charity in accordance with the Charities Act 2011.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

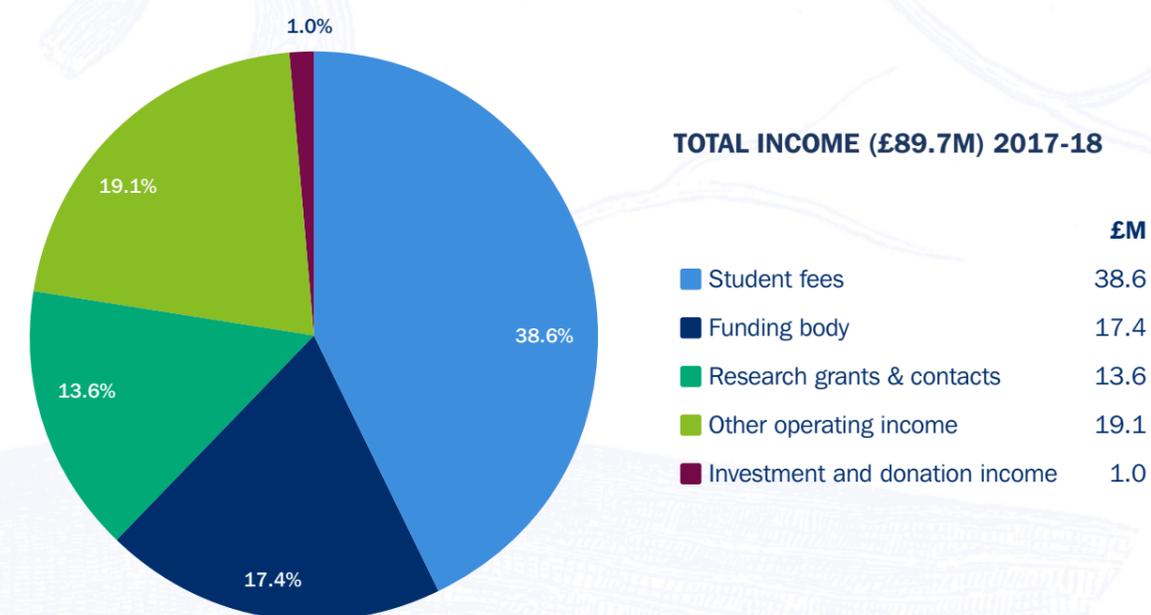
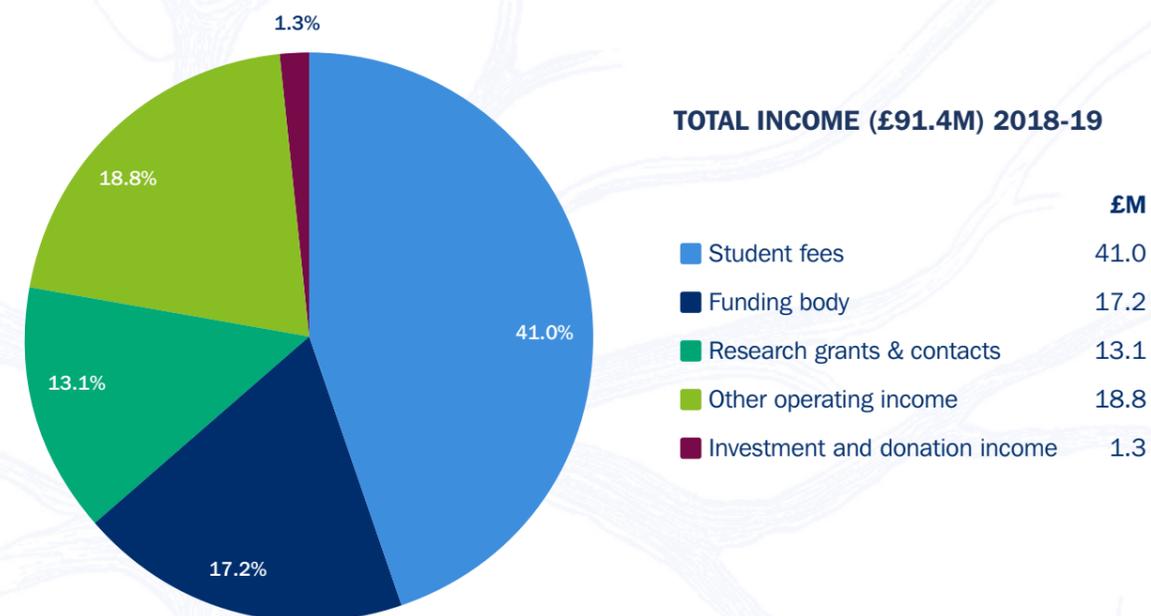
	2019	2018
	£M	£M
Tuition fees and education contracts	41.0	38.6
Funding body grants	17.2	17.4
Research grants and contracts	13.1	13.6
Other operating income	18.8	19.1
Investment income, donations and endowments	1.3	1.0
Income	91.4	89.7
Operating expenditure	(91.0)	(87.6)
Operating surplus before movt in pension provision (Increase)/decrease in pension provision	0.4	2.1
	(10.7)	0.5
Operating (deficit)/surplus	(10.3)	2.6
Gain on investments	-	1.0
Taxation	-	(0.1)
(Deficit)/Surplus for the year	(10.3)	3.5
Non-current assets	95.4	96.7
Current assets	19.1	21.5
Creditors falling due in less than one year	(27.6)	(27.7)
Net current liabilities	(8.5)	(6.2)
Creditors falling due in more than one year	(39.3)	(43.2)
Pensions provision	(17.8)	(7.1)
Total net assets	29.8	40.2
Restricted reserves	6.7	6.6
Unrestricted reserves	23.1	33.6
Total reserves	29.8	40.2
Cash and cash equivalents	7.0	6.1

This year's deficit is significantly higher than forecast due to the increase in the USS pension provision as a result of the 2017 valuation being completed. If this is excluded, the operating surplus would have been £0.4m, a decrease on the previous year.

This increase in provision has also had a significant impact on reserves, although cash and cash equivalents increased by £0.9m.

INCOME has increased by £1.7m between 2018 and 2019. All of this increase comes from student fees which have increased by £2.4m as additional cohorts of FHSCE students are self-funded rather than supported

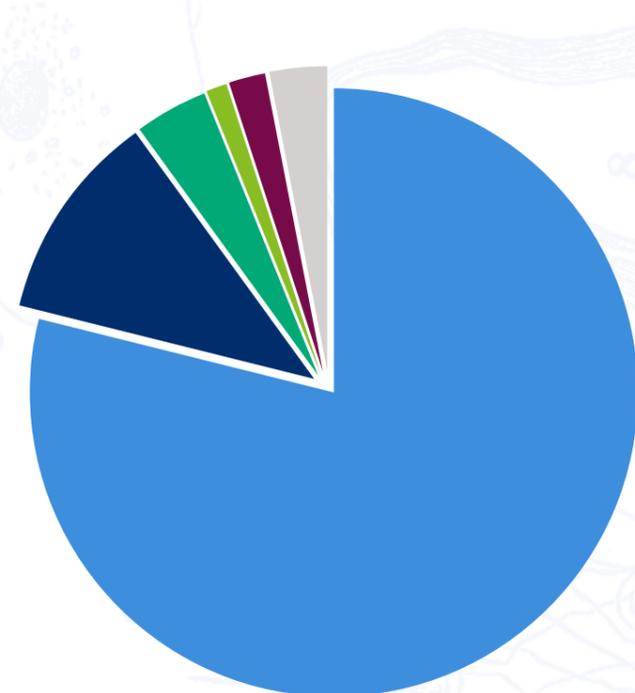
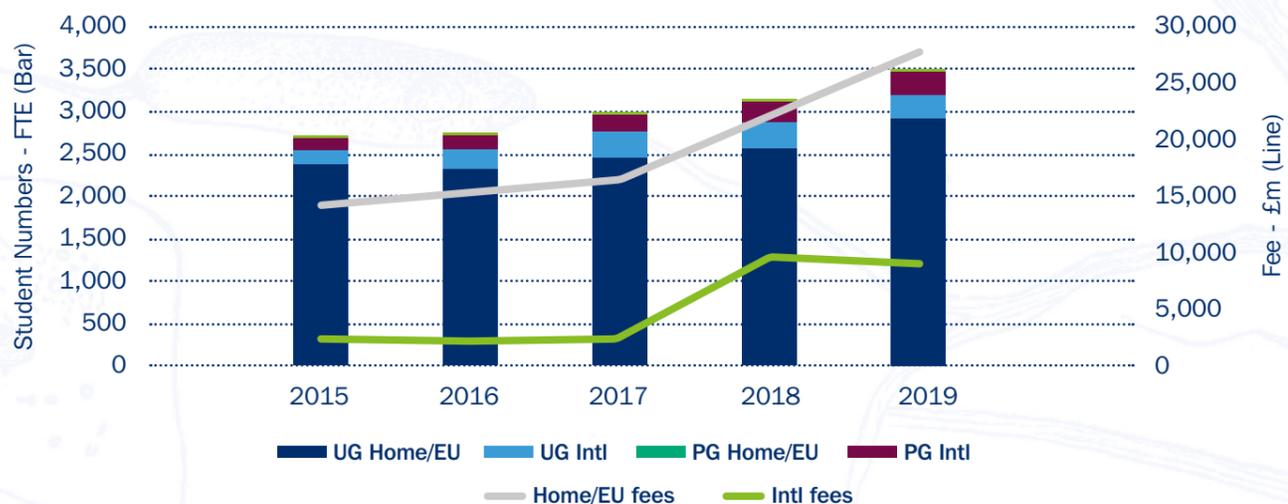
by bursaries. Funding body, research and other operating income have all decreased slightly with income from donations and endowments showing a small increase.



Student numbers have seen a steady upward trend with the introduction of new postgraduate courses and new cohorts of Occupational Therapy and the revised Biomedical Sciences programmes. International fees have fallen slightly as the International MBBS teachout continues and due to the

nature of our programmes, most of which are validated and regulated by UK bodies, and not recognised overseas, means that international students are not replaced in such high numbers.

STUDENT NUMBER AND FEES



As FHSCE programmes move away from bursaries to being funded by students, teaching **grant funding** has increased as qualifying activity is higher.

FUNDING BODY GRANT INCOME 2019 - £14.8M

Teaching	79%
Mainstream	11%
Charity	4%
Business	1%
PhD Support	2%
HEIF	3%

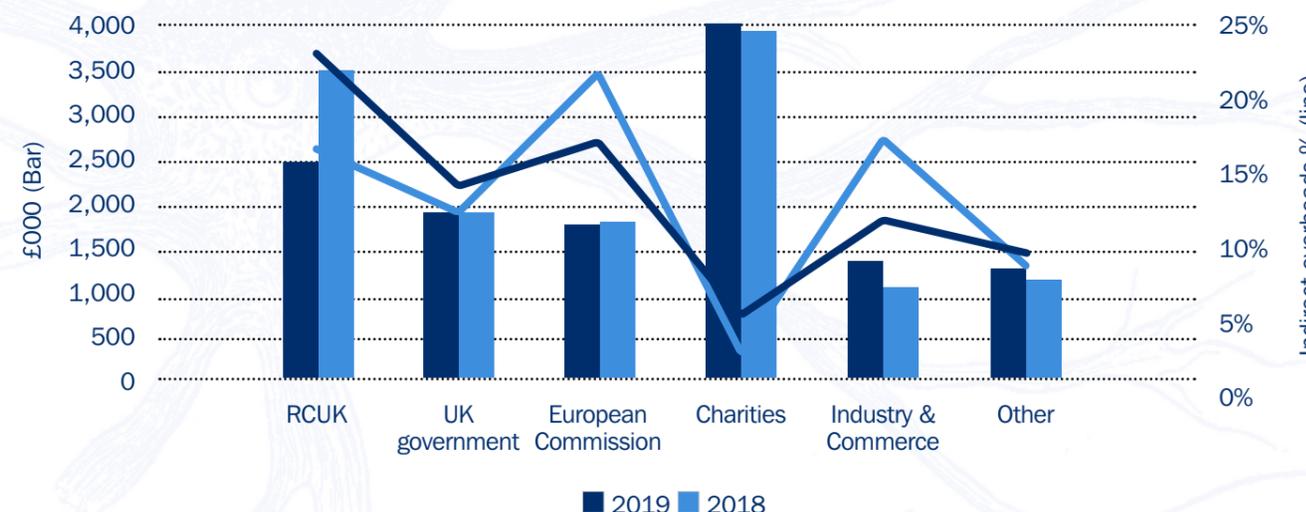
The amount of Quality-Related (QR) funding received decreased from £2.8m to £2.6m, with decreases across the categories of mainstream, charity and business.

Income from the Higher Education Innovation Fund (HEIF) has seen an increase from £502k to £524k as additional funding to help deliver the government's industrial strategy has been allocated across the sector.

Income from consultancy and other enterprise activity is a key part of the 2017-2022 strategy and it is expected that HEIF funding will increase in the future.

	2019 £k	2018 £k
Teaching	11,680	11,460
Mainstream QR	1,627	1,685
Charity QR	554	599
Business QR	112	152
PhD Support	346	340
HEIF	524	502
Total	14,843	14,738

RESEARCH INCOME AND OVERHEADS

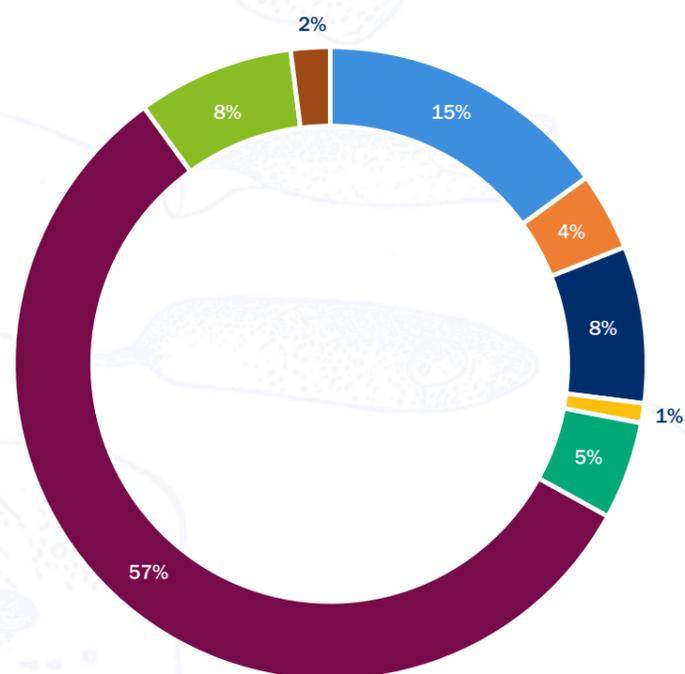


Total **research income**, decreased slightly by 1.5% to £13.1m (£13.6m – 2018). A total of 62 new grants (57 – 2018) have been won during the year, worth £16.4m (£13.6m – 2018). The overhead recovery rate has increased since last year to 16.7% from 13.7%, with improvement in recovery on Research Council and charity grants which are the sponsors with whom St George's is most successful. This continues to be an active area of review over the last year and is a KPI in the strategic plan.

The main sources of income within **residences, catering and conferences** is from the Horton Halls, St George'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. Income is £0.3m higher than in 2018 as occupancy levels were higher.

Other services rendered (£8.4m) income includes staff recharges to the NHS, mainly SGUHFT, and recharge income from our joint venture with Kingston University (FHSCE).

Income from the Department of Health such as Undergraduate Tariff (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 (£0.6m) and consultancy income earned by academic staff.



EXPENDITURE 2019 (£91.0M)
(EXCL PENSIONS PROVISION MOVEMENT)

	£m
Academic and related expenditure	13.6
Research grants and contracts	3.9
Premises	7.0
Residences, catering and conferences	1.3
Other expenses	4.6
Staff costs	51.7
Depreciation & Amortisation	7.0
Interest and other finance costs	1.9

Staff costs and headcount continue to be tightly controlled and monitored. Staff headcount has increased for the first time as investment is made in new programmes and in research staff ahead of the Research Excellence Framework, ensuring that additional resource is included in areas of strength.

Controls **over other operating expenditure** remain and the decrease in research funding means a decrease in related spend.

Other expenses include the costs related to the FHSCE and the international joint ventures, including placements which have also increased with the increase in student numbers studying overseas.

Interest and finance costs include the provision for bad and doubtful debt. A thorough review has been undertaken of student debt, including in the FHSCE, and this has increased the provision significantly.

The **USS pension scheme**, remains a major risk for St George's and the wider university sector. The 2017 valuation was completed with the following higher contribution rates agreed, with deficit recovery contributions set at 5%.

	April 2019	October 2019	April 2020
Member	8.8%	10.4%	11.4%
Employer	19.5%	22.5%	24.2%

The impact of these contribution rates, along with the length of the recovery period has increased the pension's provision by £9.8m to £15.0m as at 31 July 2019.

In March 2018, the Joint Expert Panel (JEP) was set up to examine the valuation of the USS. The JEP was tasked with agreeing key principles to underpin the future approach of the University and College Union (UCU) and Universities UK (UUK) to the USS valuation. A first report from the JEP was published in September 2018. The second phase of work on the USS valuation has two parts; the first is concerned with the valuation process and governance, the second with the long-term sustainability of the scheme. This work is ongoing and a report is expected soon.

The USS Trustee could only revisit some of the fundamental issues raised in the JEP's report - such as market risks, investment strategies and contribution levels - by holding a new valuation, as at 31 March 2018, with an accompanying full consultation on the assumptions underpinning the scheme's Technical Provisions. This valuation has now been completed, reducing contribution rates for both employer and employee and reducing the recovery period from ending in 2034 to 2028. As of July 2019, and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £8.7m, a decrease of £6.3m from the current position. More detail is provided in note 19 and the next valuation will be as at March 2020.

Capital expenditure continues with £7.3m spent on tangible assets in 2019. Work began on the Estates Masterplan with professional services being moved from Hunter Wing into Jenner to make space for the new lecture theatre which has opened in September 2019 and the refurbishment of the sixth floor made good progress. Radiography was relocated to Tooting from a Kingston campus and a state of the art suite opened for students at the beginning of the 2018/19 academic year. Work continued on upgrading research laboratories and shared space and the infrastructure of both Hunter and Jenner Wings were improved with the aim of modernising the estate whilst making it more efficient and making St George's less dependent on the infrastructure of the SGUHFT.

In Information Services, Canvas, the new student Virtual Learning Environment went live in September 2018 as did the pilot programmes on an application allowing students to see their timetables on phones and tablets - this has now been rolled out to all programmes. The other major project is the new website project, live from September 2019, which replaces both the intranet and the external facing website.

St George's **cash** position has improved over the year to £6.9m, with the first planned drawdowns from the investment portfolio funding the Estates Masterplan, and with two further drawdowns are planned for 2019-20. Whilst this leaves St George's with a higher net debt position as a result of these drawdowns, this is in line with the long-term financial plan and short term liquidity remains good.

St George's has long-term loans, with Barclays Bank plc and Santander UK plc, repayable between 8 and 30 years as well as interest-free loan with Salix which was provided to fund the more energy efficient chillers. There are covenants in place on all the commercial lending and these are reviewed on a regular basis in line with revised forecasts. St George's is currently compliant with all its covenants.

St George's 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 our Statutes:

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 St George's 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.

To develop people who meet today's healthcare needs and tomorrow's healthcare challenges

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. Our stakeholders are described on page 8 and 9. We provide a world-class multi-professional health sciences education that equips our graduates to meet today's healthcare needs through relevant scientific research, clinical excellence, strong inter-personal skills and team-based working. Sharing a clinical environment with a major London teaching hospital, our innovative approach to education results in well-rounded, highly skilled clinicians, scientists, and health and social care professionals. St George's continues to be the top-ranked university for graduate prospects in the UK.

We also work closely with healthcare providers throughout south London to ensure that our courses reflect latest clinical practices and that our students benefit from diverse clinical placement opportunities.

Our experts have access to a range of facilities and methods, from laboratory based examinations of virus samples to studies in the general population. These include:

- **Image Resource Facility** providing advanced bio-imaging technology.
- **Clinical Research Facility** a custom-built centre where we work in association with St George's University Hospitals NHS Foundation Trust (SGUHFT) to facilitate research programmes and clinical trials.
- **Specialist Biological Research** Facility where researchers study diseases and how to treat them.

Many of our facilities are also available to external organisations and collaborators. We also maintain an extensive healthcare library and archive (including important special collections) providing a valuable resource for students, researchers, alumni, academics and others by arrangement.

We believe everyone should be able to access the benefits of bio-medical discovery and that research should be an integral part of the training and education of healthcare professionals.

We are committed to developing public understanding and involvement in our research programmes and actively contribute to partnerships across London, linking students and researchers to practitioners and employers across the region. We arrange visits from outstanding academics and healthcare experts from both the UK and overseas and encourage and support 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 the 2018 Times Higher Education World University Rankings St George's was ranked fourth internationally for citations or research influence, demonstrating our 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 enrol more than 1,200 new students a year, from a wide range of backgrounds, offering them the opportunity to work and study on a healthcare campus that reflects the full range of healthcare professions.

We are proud of our diversity and strive to create an environment where everyone, regardless of their ethnicity, religious, geographic, socio-political or economic background, can flourish. We focus on maintaining the excellent reputation of our teaching and research portfolio, as well as attracting, retaining and nurturing the most talented students and staff from across the UK and abroad.

Part of our public task as a university is working to improve equality of opportunity for under-represented groups in higher education. One of the ways that we do this is through an extensive outreach programme that aims to raise awareness and aspirations among students who might not have considered a career in healthcare, to support them in reaching their educational goals, and to guide them through the process of applying to university.

We work throughout our local area with young people from primary school upwards, delivering activities such as online tutoring, spring and summer school, open days and campus visits.

For example, we have recently launched a new programme, Science Stars, for a group of Year 11 students from a local state school (many of whom are in receipt of free school meals and/or have parents/carers who have not been to university). They will receive small group GCSE Science tutoring delivered after school by our student ambassadors, using materials developed by a St George's alumnus who is now a university lecturer.

The St George's Opportunity Fund offers students from lower income households an annual bursary. 64% of bursary recipients surveyed in 2016/17 said that it was a very important factor in helping them continue at St George's, with the majority of the students saying that it helped them feel more satisfied about their life as a student, and less anxious than they would have felt otherwise. We also offer an Access to Learning Fund, disbursed on a case-by-case basis to students who encounter unexpected, short-term financial difficulty.

We strive to create an environment where everyone, regardless of their ethnicity, religious, geographic, socio-political or economic background, can thrive.

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, our governing body, 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 2018/19 was £719.

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

St George's 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.

With a 250 year history, St George's is the UK's only university dedicated to medical and health sciences education, training and research. Our distinctiveness is based on this exclusive focus and we strive to bring an innovative and collaborative approach to all we do. Our teaching and research activity is organised across four Institutes:

- Molecular and Clinical Sciences Research Institute
- Population Health Research Institute
- Institute for Infection and Immunity
- Institute of Medical and Biomedical Education and
- the Faculty of Health, Social Care and Education (FHSCE), our joint venture with Kingston University.

Our Professional Services activity is organised across nine departments, overseen by the Chief Operating Officer and ultimately, the Principal.

The Senior Committee Structure (overleaf) details the organisation of our senior committees, which report into Council.

CONSTITUTION AND GOVERNING BODY

St George's is a member institution of the University of London (UoL) and acquired Degree Awarding Powers in 2009. In accordance with its duty under section 3(3) of Higher Education and Research Act (HERA), the Office for Students (OfS) confirmed St George's inclusion in the register of English higher education providers in July 2018. St George's complies with the conditions of registration with the OfS set out for the transition period to July 2019.

The objects, powers and framework of governance are set out in the Scheme and Statutes which were reviewed and updated and, following approval by the UoL, came into force on 30 September 2014. The Scheme establishes the Council and Senate, each with clearly defined functions and responsibilities detailed in the Statutes, to oversee and manage St George's activities.

Last year we reported on the progress of the University of London Bill, which would allow St George's and other Member Institutions to apply for University Title in their own right. The University of London Act received Royal Assent in December 2018. St George's application for University Title, alongside other UoL Member Institutions, is currently being reviewed by the OfS before consideration by the Department for Education. The applications were submitted in April 2019 but, at the time of writing, a response had not been received from the OfS.

COUNCIL

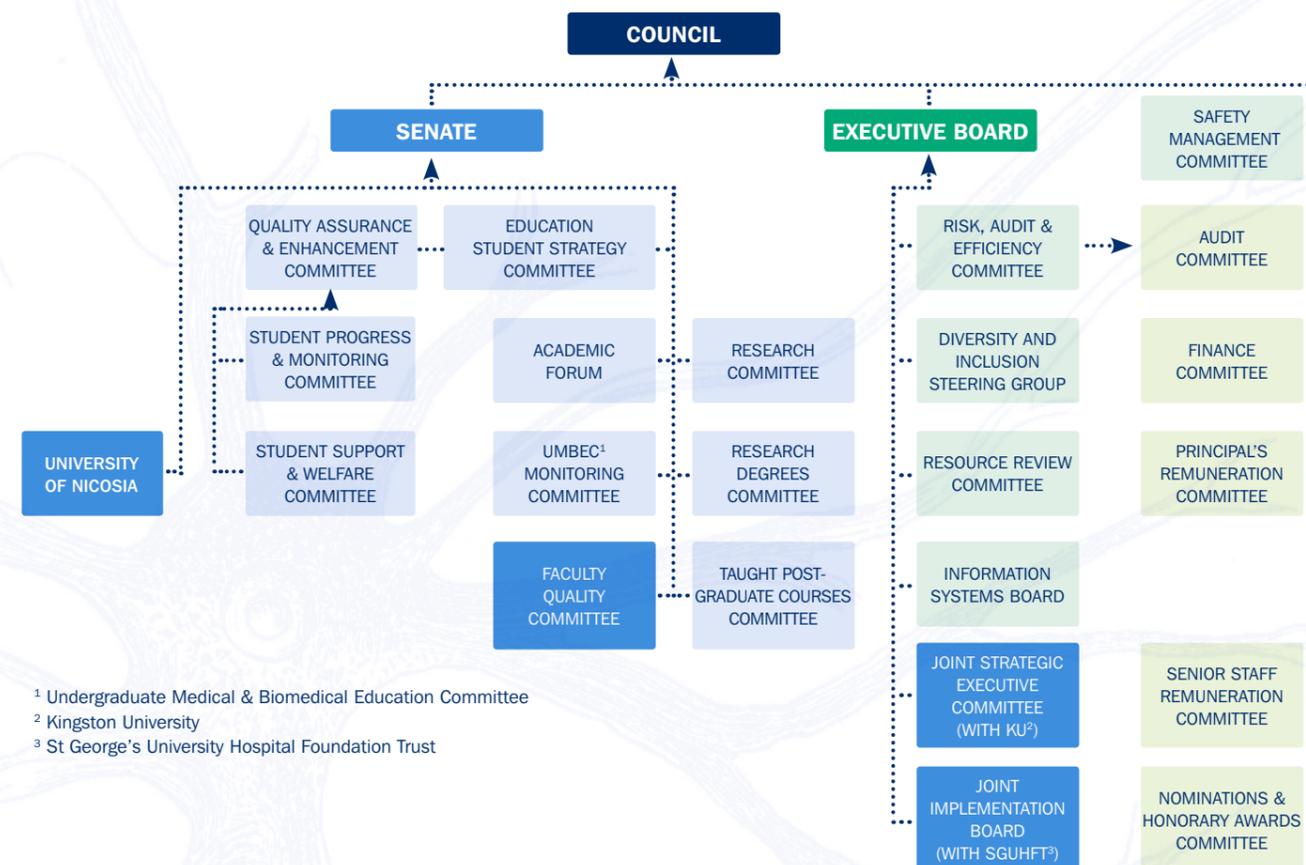
Council is our governing body and in exercising its role and powers undertakes to meet the obligations placed upon St George's by its Scheme and Statutes, and on its members as charity Trustees. Council is responsible for our overall strategic direction, for financial affairs, property investments and general business, and for presenting audited financial statements for each financial year. Council has agreed a Statement of Primary Responsibilities which accords with the Scheme and Statutes.

Council is made up of 22 members with a majority of Independent Members, as well as representatives of St George's staff and student body. The Independent Members come from a wide range of backgrounds across the private and public sectors and collectively offer expertise in legal, financial, organisational matters as well as medicine, healthcare and education. Independent Members of Council are appointed through a robust, transparent, open advertisement and interview process managed by the Nominations and Honorary Awards Committee (which includes staff members) taking into consideration skills, experience and diversity.

- The Chair, who has overall responsibility for the conduct of Council, and the Vice-Chair are both Independent Members.
- The Principal is appointed by the Council as the academic and administrative head of St George's and is an ex officio member of Council. The Principal has general responsibility to the Council for ensuring that the objects of St George's are fulfilled and for maintaining and promoting the efficiency, discipline and good order of St George's. Under the OfS Regulatory Framework, the Principal is the nominated accountable officer.
- The Deputy Principals and the Dean for Students are also ex officio members. In addition, two staff members, one academic and one from the professional services, are elected from their respective constituencies.

We consider the role of students within our governance framework very important and both the President of the Students' Union and one other student representative are members of Council.

Council meets at least five times each year, and in 2018/19 it met on six occasions, including an Away Day. The following are some of the key activities that our Council reviewed, supported and/or approved in 2018/19, that will help St George's to add value to our outputs and meet our strategic goals:



¹ Undergraduate Medical & Biomedical Education Committee
² Kingston University
³ St George's University Hospital Foundation Trust

- Ensuring that the on-going conditions of registration have been met, by establishing an Assurance Framework to enable the monitoring of compliance with the ongoing conditions of registration and conditions of funding. The Assurance Framework will be reviewed throughout the year by Audit Committee and Council. In support of the Assurance Framework, a Policy and Procedure on Reportable Events have been approved by Council.
- Monitoring the regeneration of our Estate, through reports, visits to building works and by monitoring KPIs. The plans strive to give a clearer sense of identity, provide more collaborative space for staff, enhance the student experience and create a focal point for the community to facilitate discussion and collaboration across the research disciplines. Progress in 2018/2019 has been both on time and on budget.
- Monitor our progress against the Strategy by scrutinising progress made against the operational plan and associated 12 KPIs on a six-monthly basis.

- Approval of the budget for 2019/20, including investments in new courses, student experience, opportunities to help achieve the plan and public engagement. It also factors in the rising costs of the pension scheme.

Certain matters such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land are reserved matters for Council. These matters are set out in the Scheme and Statutes. Much of Council's detailed work is handled initially by committee, however, and Council has established five standing committees chaired by Independent Members to help take forward its work. The Chair of Council is ex-officio on all Committees of Council except for the Audit Committee and the Principal's Remuneration Committee.

The decisions of all five of these committees are reported formally to Council.

AUDIT COMMITTEE

Audit Committee is entirely composed of Independent Members appointed by Council from amongst its Members, and co-opted Independent Members also appointed by Council.

Audit Committee normally meets four times a year, with external and internal auditors invited to attend as appropriate. The Committee considers detailed reports from the internal and external auditors and relevant reports from regulatory bodies alongside 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 2018/19 it considered reports on student admissions, data privacy and partnerships in addition to reviews of core financial systems, and data quality and assurance.

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

FINANCE COMMITTEE

Finance Committee reviews and recommends to Council the annual revenue and capital budgets, the forecasts required by the OfS and monitors performance in relation to these. It supervises all matters relating to finance, accounts and financial regulations and the management of investments and borrowings. Finance Committee meets five times a year. Senior executives attend meetings and serve on the Finance Committee.

NOMINATIONS AND HONORARY AWARDS COMMITTEE (NHAC)

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. In addition, it seeks, considers and makes recommendations for the award of Honorary Fellowships and Honorary Degrees.

REMUNERATION COMMITTEES

The Remuneration Committees review and recommend the salary and conditions of service of the Principal, and the remuneration arrangements for senior staff. Following a review in 2017/18 and reflecting changes to the CUC's

Higher Education Senior Staff Remuneration Code, Council agreed to establish two Remuneration Committees: one to consider the Principal's pay and another to consider senior staff pay. More detail can be found in the Remuneration Committee Annual Report (page 26).

The Nominations and Honorary Awards Committee and Remuneration Committees meet less frequently because of the limited nature of their activities.

SENATE

Senate is responsible for the academic affairs of St George's, reporting to Council on all academic matters and questions of educational policy. The Principal is the Chair of Senate and other members of Senate are; the Deputy Principals, the Deans, the Associate Deans, Institute Directors, Head of the Graduate School, Heads of schools in FHSCE and Heads of Departments in the School of Allied Health, Midwifery and Social Care. There are also 16 elected members from academic and research staff and four student representatives.

EXECUTIVE BOARD

Council receives recommendations and advice in respect of its responsibilities from the Executive Board, which has oversight of the strategic and operational matters (including finance and policy), and any domain of St George's business on behalf of Senate and Council. The Executive Board ensures the effectiveness of St George's in meeting our strategic plans.

Members of the Executive Board include the Principal as Chair, the Chief Operating Officer and both Senior Professional Services and Senior Academic Staff, and the student representation from the Student Union's President. The Executive Board meets on a monthly basis and held its first meeting in September 2018.

INDEPENDENT MEMBERS OF COUNCIL

Mr Anthony Bicknell	Until 30/09/2019	Treasurer, Chair of Finance Committee, Remuneration Committees
Mr David Carter		Finance Committee
Mr Michael Draper		Chair of Council, Remuneration Committees Member, Chair NHAC, Finance Committee Attendee
Professor Sian Harding		Independent Member
Mr M (Josh) Joshi		Finance Committee, Treasurer (from 01/10/2019)
Dr Rima Makarem	Until 30/09/2019	NHAC
Ms Gillian Norton		Independent Member
Dr Bina Rawal	From 01/10/2019	Independent Member
Mr Damian Reid		Finance Committee
Ms Sue Rimmer		Vice-Chair of Council, Audit Committee, NHAC
Professor Steven Spier		Independent Member
Ms Catherine Swarbrick		Chair of Audit Committee, Remuneration Committees, NHAC
Mr Ewart Wooldridge		Chair of Remuneration Committees, Audit Committee
Dr Sally Worth		Independent Member

INTERNAL MEMBERS OF COUNCIL

Mr Ken Morrison	From 01/10/2018	Elected Support Staff
Mr Derek McKee	Until 30/09/2018	Elected Support Staff
Dr John Hammond		Elected Academic Staff
Mr Muhammad (Omar) Hijazi	From 01/08/2018	President, Students' Union
Mr Sam Khavandi	Until 31/07/2019	Student Representative
Professor Jenny Higham		Principal, (Ex Officio)
Professor Jon Friedland		Deputy Principal (Research), (Ex Officio)
Professor Mark Fisher	Until 10/09/2018	Deputy Principal (Research), (Ex Officio)
Professor Jane Saffell		Deputy Principal (Education) & Director of IMBE, (Ex Officio)
Professor Deborah Bowman		Deputy Principal (Institutional Affairs), (Ex Officio)
Dr Aileen O'Brien		Dean for Students, (Ex Officio)

IN ATTENDANCE

Mr Paul Ratcliffe		Chief Operating Officer
Ms Susan Trubshaw		Clerk to Council
Ms Nicola Arnold		Director of Finance
Ms Jenny Winters	From 10/08/2018	Director of Human Resources and Organisational Development
Ms Sarita Godber	Until 09/08/2018	Director of Human Resources and Organisational Development

STATEMENT OF COUNCIL'S RESPONSIBILITIES

In accordance with the Scheme and Statutes of St George's, the Council is responsible for the direction and management of St George'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 funding for higher education providers for the period to 31 July 2019, 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 St George's and its subsidiaries (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.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of St George's 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 OfS Accounts Direction. They are also responsible for safeguarding the assets of St George's 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 OfS, Research England and formerly HEFCE are used only for the purposes for which they have been given and in accordance with the OfS and Research England terms and conditions and any other conditions which the regulators 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 OfS terms and conditions.

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 St George's and to prevent and detect fraud; and
- secure the economical, efficient management of St George's and the Group's resources and expenditure.

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

OTHER MATTERS

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, academic, research and professional services staff;
- 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 and Finance Committees; 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.

REGULARITY AND PROPRIETY IN THE USE OF PUBLIC FUNDING

The policies and procedures which St George's has in place ensure funding is used for the purposes for which it was given and that it is spent in a wise manner to support students and research and to obtain optimum value for our funders. The Statement of Internal Control sets out the more detailed processes that ensure St George's has a rigorous system that safeguards the public and other funds and assets for which Council is responsible.

INTRODUCTION

St George's follows the Higher Education Senior Staff Remuneration Code (the Code) published by the Committee of University Chairs (CUC), June 2018. The Code provides that the Vice Chancellor/Principal should not be a member of the Remuneration Committee (RemCom). To reflect this, St George's has two RemComs: one to consider senior staff pay (professors and professional services directors) and another to consider the Principal's pay. Both committees have full delegated authority in respect of the matters which fall within their terms of reference. The terms of reference for both are available on the university website. RemCom does not consider the remuneration of senior staff on NHS pay scales.

Members of the Principal's RemCom for 2018/19 comprised the following independent members of Council: Ewart Wooldridge (Chair), Michael Draper (Chair of Council), Anthony Bicknell (Treasurer) and Catherine Swarbrick (Chair of Audit Committee), with the Director of HR and OD in attendance (Jenny Winters). The Senior Staff RemCom had the same membership and attendance arrangements, except that the Principal, Professor Jenny Higham, is additionally in attendance.

RemCom met twice during the 2018/19 academic year, in January and March. However, the January meeting was not a formal meeting of the Committee and was instead a working meeting to consider proposals for a new approach to professorial pay, as outlined below.

Anthony Bicknell was unable to attend the meeting in March; otherwise all members were in attendance, as was Professor Higham.

APPROACH TO REMUNERATION

In determining senior staff pay, RemCom take into account the need to attract, develop and retain high calibre professors and senior staff working within professional services functions, including benchmarking senior salaries against the University and Colleges Employer Association's (UCEA) Senior Staff Remuneration Survey. RemCom's aim is to ensure that St George's approach to senior staff remuneration pays due regard to St George's strategic objectives, market position, financial constraints and equality duties.

RemCom is charged with recommending to Council policies designed to deliver fair, appropriate and justifiable levels of remuneration for senior staff whilst demonstrating procedural fairness, transparency and accountability in line with the Code.

All staff who are not on clinical salary scales receive the national pay award, which was 2% effective from 1 August 2018 for grades 4 and above and an increase of up to 2.8% for grades 1-3.

In June 2018, decisions were taken for senior individuals' additional remuneration for 2018/19, taking into account their contribution to their area of expertise, as well as market relativities within their field. Seven staff received pay increases.

RemCom agreed in March that a new, more systematic and transparent approach to professorial pay should be introduced. As part of this it is intended to introduce professorial pay bands in 2022, allowing the opportunity to consult fully with staff and address pay anomalies in the meantime. Pay increases for senior professional services staff (in addition to the national pay award) will continue to be made on an individual basis reflecting their specific role and market relativities. In June 2019, a new Professorial Pay Review Committee was formed and considered the criteria to be applied in determining additional pay increases and/or bonuses for the professorial cohort, as well as whether any awards should be made for 2019/20. These recommendations were reviewed and, where appropriate, ratified by RemCom in September 2019 and implemented in October, the same time as pay increments for other staff are paid. These increases will be reported on in next year's annual report.

Staff who do not form part of the senior staff cohort (salary scales 1-8) receive an incremental pay rise up to the top of their salary scale, paid in October, in addition to the national pay award. Staff in salary scales 1-4 are generally members of the Superannuation Arrangements of the University of London (SAUL) and all other staff, including senior staff, are members of the University Superannuation Scheme, or the NHS Superannuation Scheme unless individuals choose to opt out of pension provision.

Staff in salary scales 1-8 are also eligible to be nominated for merit awards, which are designed to recognise and reward members of staff who have made an exceptional contribution to St George's and demonstrated, over a sustained period of time, a standard of work significantly over and above the normal expectations of their role. Recommendations put forward by managers, and approved by Institute Directors/Directors of Professional Services, are considered by a Merit Awards Panel consisting of senior staff. In 2018/19, 13 staff received a merit award of £1,500 each.

Staff are assigned to salary scales according to the role they are undertaking, where the grade of the role is determined by benchmarking similar roles in St George's or using the Higher Education Role Analysis Scheme (HERA). HERA is a job evaluation scheme developed specifically for use in universities and higher education and uses a competencies-based questionnaire to systematically measure the size of a role

PRINCIPAL'S PAY

The tables below sets out the emoluments for the Principal. The figures are full-time equivalents, given as at 31 July each year.

The Principal was not awarded any bonus/performance related pay in 2018/19, nor does she receive any additional benefits such as accommodation or car. St George's has not contributed to the Principal's pension since May 2016 and, in line with the university's policy, Professor Higham was not given any lump sum or other compensation on leaving the pension scheme. In setting the pay of the Principal, the RemCom considers her contributions and achievements in leading the university and benchmarking information about the salaries of Vice Chancellors at comparable institutions.

The Chair of Council undertakes an annual appraisal with the Principal. In determining her pay for 2018/19 he concluded that she had continued to make significant progress in modernising the organisation and undertaking necessary restructuring to create a strong leadership team. In particular it was noted that a new institutional strategy had been developed, AthenaSWAN silver status had been secured, improved staff and student engagement had been achieved through greater leadership visibility, plans were in place to upgrade and improve the estate and relationships with partner organisations had been maintained and developed. Given St George's unique status as the UK's only university dedicated to medical and health sciences education, training and research, it is difficult to identify exact salary comparators. Royal Holloway University of London, University of Reading, University of Surrey and University of East Anglia have been chosen. While they are all multi-faculty universities, they represent a small number of substantial, but not too large, universities, all based sufficiently close to be affected by London rates and including at least one with a medical school. Professor Higham's salary is below average for this group and she also receives no additional benefits when many others receive accommodation.

In determining the Principal's pay award for 2018/19 it was decided to bring her salary review date to 1 August, in line with the national pay award for which other University staff are eligible. An increase of 2.2% was proposed and agreed by Council taking into account Professor Higham's strong contribution over the year and recognising that the salary review had occurred over a period longer than one year.

EMOLUMENTS OF THE PRINCIPAL	JULY 2019 £	JULY 2018 £
Salary	251,393	245,938
Performance related pay	-	-
Benefits	-	-
Pension costs	-	-
TOTAL	251,393	245,938

In note 7 of the financial statements, the amounts disclosed as emoluments of the Principal are required to include National Insurance and the Apprenticeship Levy paid by St George's by reference to her remuneration. The breakdown is as follows:

	£'000
Salary	251
National Insurance	34
Apprenticeship Levy	1
	286

The CUC Code recommends that a pay multiple for the Principal's earnings is calculated against the median pay of all staff, using the methodology recommended by UCEA. This takes total pay of the head of the institution and the median full-time equivalent earnings of the whole workforce at the institution, as defined and collected by HESA. For 2018/19 the pay multiple using the UCEA methodology was 6.2, this compares to 5.8 in 2017/18 and 6.0 in 2016/17. This methodology is different to that required by OfS as given in note 7. The OfS calculation takes total remuneration of the head of the institution and the median pay at the provider. For 2018/19 the multiple was 5.9, compared with 5.8 in 2017/18.

EXTERNAL APPOINTMENTS AND EXPENSES

All staff are required to declare potential conflicts of interest under St George's Conflicts of Interest and Financial Dealings Policy (available on the website) and register consultancy and other private earnings related to their position or role at SGUL. The Principal receives no income from external bodies related to her role as head of the university. All staff are also required to follow St George's expenses policy (also available on the website). In 2018/19 1,121 expense claims were made by staff amounting to £290,717 in total. The largest expense claims were generally for attendance at overseas conferences. The Principal incurred expenses in relation to her employment at St George's of £4,954 in 2018/19 including travel to meet with international partners.

EQUALITY, DIVERSITY AND INCLUSION

Adoption of the Code provided RemCom with the opportunity to consider its remit more broadly. As part of its terms of reference, RemCom ensures that any policies regarding senior staff remuneration are fair, appropriate and justifiable and pay due regard to the university's equality duties.

Following publication of its first gender pay report in 2018, St George's created a Pay Gap Working Group to take an institutional look at the gender pay gap and, more broadly, to consider equality, diversity and inclusion in the context of reward. The working group has instigated a number of actions, including amending template job descriptions and adverts to give greater emphasis to St George's willingness to consider flexible working and to try to ensure gender neutral language is used; creating a new starting salary policy aimed at standardising starting pay and preventing pay gaps from being perpetuated on appointment; working with NHS Trust colleagues to try to encourage more women to apply for Clinical Excellence Awards; and improving communication on the pay and benefits available at St George's. RemCom is kept informed of the work undertaken by the working group, in particular where it may have an impact on senior staff remuneration.

St George's holds a central Strategic Risk Register which details the most significant strategic risks to the Institution and to the delivery of our strategic plan. The Register is reported in full to Risk, Audit and Efficiency Committee (RAEC) on a quarterly basis for their review and approval, as well as being reported to Audit Committee and Council.

The Strategic Risk Register underwent a review in 2017/18 in order to better align the format to the five key aspects of our new strategy and to provide the opportunity for risk owners to re-evaluate and re-develop risks to align with the Strategic Plan. The new template encourages a clearer focus

Education and Students - Enriching and expanding our two-way communication channels with students and strengthening student-staff partnership approaches have been major areas of focus over the past year, overseen by the Student Experience Action Group. Student-staff liaison groups were introduced to understand the perspectives of our students, an online teaching survey of modules and teachers was embedded and a new student newsletter launched. Competitive grants for student-staff partnerships funded several enhancement projects, with results presented at Education Ideas Hub, a forum for staff and students to share perspectives on teaching, learning and life in higher education.

Research Excellence - A key area of activity over the past year, which will continue, is our preparation for the Research Excellence Framework (REF) 2021. An Executive Group has been established to monitor and react to REF guidance as it emerges and ensure that St. George's has the best possible outcome. We also focus our research on areas where we have proven or emerging potential for excellence and global impact as we aspire to continue to build our research income.

People and Partners - St. George's benefits greatly from a number of partnerships, including SGUHFT, the Faculty of Health, Social Care and Education that it operates jointly with Kingston University and the MBBS franchise programme at the University of Nicosia. It is important to ensure these relationships are managed carefully to ensure that each party get the best out of the partnerships and the Quality and Partnerships directorate has been established to ensure a focused approach to existing partnerships and consideration of new partnerships.

on the causes and consequences of the risk being realised, as well as on the intended effect of any current or upcoming mitigating actions. The Strategic Risk Register is published in full on our internal website for openness to ensure that all staff are aware of the risks to the organisation and to support their understanding of the decisions that are made. A high-level overview of our current strategic risks is set out below, together with some examples of some of the mitigating actions taken against these risks across 2018/19.

Environment and Sustainability - We continue to invest in a high-quality physical infrastructure to ensure we provide an excellent environment for our students and staff. The on-going capital programme over the past year included infrastructure upgrades, such as the installation of new high efficiency electric air-cooled chillers, along with refresh of some audiovisual facilities and teaching spaces. Next academic year will see the first stage of the Estates Masterplan delivered. This is underpinned by a long term financial plan which ensures that St George's is financially sustainable in a time of uncertainty with a new regulatory environment and public pressure on funding, particularly students fees.

Operational Excellence - We operate in a competitive environment and need to continue to meet our student recruitment targets. Our student recruitment operations have been altered so that all recruitment activity is now undertaken by a single team with a single recruitment strategy. The initial conditions for registration with the Office for Students were successfully met and St George's became one of the first institutions to be listed on the new Register of HE providers. We remain cognisant of the need to ensure we continue to meet all conditions of registration to the highest standard. We have recruited a Head of Operational Excellence Projects who is responsible for a series of work streams designed to improve the efficiency and effectiveness of our processes. The initial areas of focus are those related to the student experience.

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 by the OfS conditions of registration (formerly 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.

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 2019, 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 Audit Committee:

- Overseen the implementation of the revised Risk Management Policy and Strategic Risk Register during 2018/19.
- Ensured that regular meetings of the Risk, Audit 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, Audit 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 KPMG, St George's independent internal auditors. The audit planning is carried out jointly with senior executives and is based primarily on St George's risk register.

Council receives reports from the Chair of the Audit Committee concerning internal control, the outcome of all audits of St George'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.

No significant internal control weakness have arisen during the year ending 31 July 2019 or in the period up to the date of this report.

Additionally St George's has an Anti-Corruption Policy and the Anti-Fraud Policy which are used in the detection of fraud and other irregularities. St George's also has a Whistleblowing Policy which can also be used to report on suspected cases of fraud, misconduct and other irregularities, and an annual report on whistleblowing cases is made to the Chair of the Audit Committee each year. As already noted St George's financial systems are subject to Internal Audit and External Audit on an annual basis which contributes to the detection of fraud. There have been no incidents of fraud reported in the last eight years up to and including 2018/19. In ensuring a strong system of internal control we are able to deliver maximum value for money on the public funding that we receive.

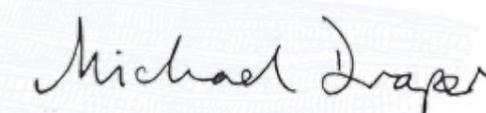
EFFECTIVENESS REVIEWS

An effectiveness review of Council was conducted in 2018, the recommendations accepted by Council have been implemented in 2018/19.

Regular reviews with independent and elected members of Council are conducted. Key points from the reviews will be presented to Council and an action plan agreed for the continuing improvement of the effectiveness of its operation.

GOING CONCERN

After making appropriate enquiries, which include the review of medium term forecasts and the consideration of the availability of funding in this period, Council considers that St George's has adequate resources to operate for a period of at least the next twelve months from the date of this report. For this reason St George's continues to adopt the going concern basis in preparing the Financial Statements.



MICHAEL DRAPER
CHAIR OF COUNCIL - 19 NOVEMBER 2019

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 2019 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated Statement of Changes in Reserves, St George's Statement of Changes in Reserves, Consolidated and St George's Balance Sheet, Consolidated Cash Flow, notes to the financial statements and the statement of 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 2019 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 Scheme 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.

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 has 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.

OTHER INFORMATION

The Council is responsible for the other information. The other information comprises the information included in the annual report set out on pages 4-61, 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 the Office for Student's ('OfS') Terms and conditions of funding for higher education institutions (issued March 2018) and the OfS's accounts direction (issued June 2018)

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 the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued June 2018) 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 page 24, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the group'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 intends to liquidate the group or the parent institution or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

USE OF OUR REPORT

This report is made solely to the Institution's Council, as a body, in accordance with Statute 20 – External Auditors, paragraph (i) to (iv) of the Institution's Scheme 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.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
STATUTORY AUDITOR, CHARTERED ACCOUNTANT LONDON

26 November 2019

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. St George's 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. Council has reviewed the annual budget, medium term forecast and strategic plans of St George's. After making appropriate enquiries, Council considers that St George's has adequate financial resources to operate for a period of at least the next twelve months from the date of this report and consequently St George's continues to adopt the going concern basis in preparing its Financial Statements.

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

2. BASIS OF CONSOLIDATION

The consolidated Financial Statements include St George's and all its subsidiaries for the financial year to 31 July 2019. 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 St George's 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 St George's 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 St George's 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.

St George's and Kingston University have a joint arrangement that constitutes a jointly controlled operation, the Faculty of Health, Social Care and Education (FHSCE) which provides education for radiographers, physiotherapists, paramedics, occupational therapists and other allied health professionals. The arrangement is governed by a Joint Venture Agreement (JVA) dated October 1998. No separate legal entity is established by this arrangement and the accounting and administration for it is performed by Kingston University. The JVA states that

- income will be attributed to the institution which registers the student and that costs will be apportioned in the ratio of student income/total income
- any surplus is split equally between the two institutions and
- all items on the balance sheet are divided equally between the two institutions.

St George's recognises its share of income earned and expenses incurred by the joint operation in the income and expenditure statement and its 50% share of assets and liabilities is reflected on the balance sheet.

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

INVESTMENT IN ASSOCIATES

Where St George's 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. St George's 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

Recurrent income from funding bodies is included in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it is receivable.

Fee income is stated gross of any expenditure which is not a discount and recognised over the period in which the students are studying.

Other operating income is recognised when St George's is entitled to the income.

Other non-recurrent grants from our funding body 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 St George's, 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 St George's 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 revenue grants from non-government sources, are classified as non-exchange transactions and recognised within the Consolidated Statement of Comprehensive Income and Expenditure when St George's is entitled to the income and any performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure when such conditions have been met.

Capital non-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 the 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.

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 St George's 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 are 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 St George's. 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 St George's are the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Through the Faculty of Health, Social Care and Education, St George's 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 St George's. Defined benefit multi-employer schemes, where St George's 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.

St George's 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.

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 St George's, 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 St George's. Any unused benefits are accrued and measured as the additional amount St George's 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. St George's does not hold any intangible assets other than computer related software which is amortised over 5-10 years depending on the expected life of the asset.

7. TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The land which the Halls of Residence stand on was revalued to fair value on the date of transition to FRS 102, and is measured on the basis of deemed cost, being the revalued amount at the date of transition. The revaluation was carried out by Gerald Eve LLP as at 31 July 2014.

Buildings in the course of construction are accounted for at cost, based on the value of architect's certificates and other direct costs at the balance sheet date. 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 - 5 years
- Computer equipment - 3 years

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.

14. PROVISION 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

St George'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 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

St George's 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, St George's 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.

St George's 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 liabilities are not discounted.

17. RESERVES

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

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

		2019		2018	
	NOTE	CONSOLIDATED £000	ST GEORGE'S £000	CONSOLIDATED £000	ST GEORGE'S £000
INCOME					
Tuition fees and education contracts	1	41,015	41,015	38,604	38,604
Funding body grants	2	17,229	17,229	17,353	17,353
Research grants and contracts	3	13,095	13,095	13,635	13,635
Other income	4	18,820	18,820	19,080	19,080
Investment income	5	510	464	570	534
Donations and endowments	6	789	789	416	416
TOTAL INCOME		91,458	91,412	89,658	89,622
EXPENDITURE					
Staff costs	7	62,210	62,146	48,865	48,829
Other operating expenses	9	30,405	30,405	29,201	29,119
Depreciation and amortisation	11/12	7,027	7,027	8,048	8,048
Interest and other finance costs	8	2,082	2,082	983	983
TOTAL EXPENDITURE		101,724	101,660	87,097	86,979
(Deficit)/surplus before share of operating loss in associates		(10,266)	(10,248)	2,561	2,643
Share of operating loss in associates	15	(28)	-	(28)	-
(Loss)/gain on investments	13	(46)	(40)	1,011	925
(Deficit)/surplus before tax		(10,340)	(10,288)	3,544	3,568
Taxation	10	-	-	(71)	(71)
TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR		(10,340)	(10,288)	3,473	3,497
REPRESENTED BY:					
Endowment comprehensive income		(10)	(5)	169	199
Restricted comprehensive income		57	76	(121)	(133)
Unrestricted comprehensive income		(9,120)	(9,120)	2,781	2,759
Revaluation reserve comprehensive income		(1,239)	(1,239)	672	672
Attributable to St George's		(10,312)	(10,288)	3,501	3,497
Attributable to the non-controlling interest		(28)	-	(28)	-
		(10,340)	(10,288)	3,473	3,497
(DEFICIT)/SURPLUS FOR THE YEAR ATTRIBUTABLE TO:					
Non-controlling interest		(28)	-	(28)	-
St George's		(10,312)	(10,288)	3,501	3,497
		(10,340)	(10,288)	3,473	3,497

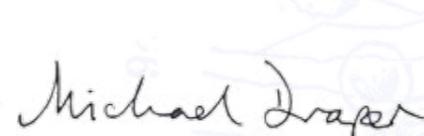
All items of income and expenditure relate to continuing operations.

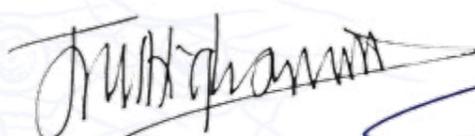
	Income and Expenditure Account			Revaluation Reserve £000	Total excl. Non-Controlling Interest £000	Non-Controlling Interest £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000				
BALANCE AS AT 1 AUGUST 2017	5,552	996	18,506	11,456	36,510	181	36,691
Surplus/(deficit) from the income and expenditure statement	298	464	2,739	-	3,501	(28)	3,473
Transfers between revaluation and income and expenditure reserve	-	-	(672)	672	-	-	-
Release of restricted funds spent in the year	(129)	(585)	714	-	-	-	-
Total comprehensive income for the year	169	(121)	2,781	672	3,501	(28)	3,473
BALANCE AS AT 1 AUGUST 2018	5,721	875	21,287	12,128	40,011	153	40,164
Surplus/(deficit) from the income and expenditure statement	149	712	(11,173)	-	(10,312)	(28)	(10,340)
Transfers between revaluation and income and expenditure reserve	-	-	1,239	(1,239)	-	-	-
Release of restricted funds spent in the year	(159)	(655)	814	-	-	-	-
Total comprehensive income for the year	(10)	57	(9,120)	(1,239)	(10,312)	(28)	(10,340)
BALANCE AS AT 31 JULY 2019	5,711	932	12,167	10,889	29,699	125	29,824

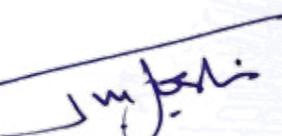
	Income and Expenditure Account			Revaluation Reserve £000	Total excl. Non-Controlling Interest £000	Non-Controlling Interest £000	Total £000
	Endowment £000	Restricted £000	Unrestricted £000				
BALANCE AS AT 1 AUGUST 2017	3,911	652	18,524	11,456	34,543	-	34,543
Surplus/(deficit) from the income and expenditure statement	292	416	2,789	-	3,497	-	3,497
Transfers between revaluation and income and expenditure reserve	-	-	(672)	672	-	-	-
Release of restricted funds spent in the year	(93)	(549)	642	-	-	-	-
Total comprehensive income for the year	199	(133)	2,759	672	3,497	-	3,497
BALANCE AS AT 1 AUGUST 2018	4,110	519	21,283	12,128	38,040	-	38,040
Surplus/(deficit) from the income and expenditure statement	89	141	(10,518)	-	(10,288)	-	(10,288)
Transfers between revaluation and income and expenditure reserve	-	-	1,239	(1,239)	-	-	-
Release of restricted funds spent in the year	(94)	(65)	159	-	-	-	-
Total comprehensive income for the year	(5)	76	(9,120)	(1,239)	(10,288)	-	(10,288)
BALANCE AS AT 31 JULY 2019	4,105	595	12,163	10,889	27,752	-	27,752

	NOTES	2019		2018	
		CONSOLIDATED £000	ST GEORGE'S £000	CONSOLIDATED £000	ST GEORGE'S £000
NON-CURRENT ASSETS					
Intangible assets	11	4,214	4,214	4,419	4,419
Fixed assets	12	71,312	71,312	70,170	70,170
Investments	13	19,772	17,931	21,952	20,106
Investment in associates	15	125	-	153	-
		95,423	93,457	96,694	94,695
CURRENT ASSETS					
Stock		5	5	6	6
Trade and other receivables	16	12,154	12,219	15,426	15,639
Cash and cash equivalents	22	6,958	6,834	6,079	5,942
		19,117	19,058	21,511	21,587
Less: Creditors: amounts falling due within one year	17	(27,639)	(27,686)	(27,695)	(27,896)
NET CURRENT LIABILITIES		(8,522)	(8,628)	(6,184)	(6,309)
TOTAL ASSETS LESS CURRENT LIABILITIES		86,901	84,829	90,510	88,386
Creditors: amounts falling due after more than one year	18	(39,288)	(39,288)	(43,219)	(43,219)
PROVISIONS					
Pension provision	19	(17,789)	(17,789)	(7,127)	(7,127)
TOTAL NET ASSETS		29,824	27,752	40,164	38,040
RESTRICTED RESERVES					
Income and expenditure reserve - endowment reserve	20	5,711	4,105	5,721	4,110
Income and expenditure reserve - restricted reserve	21	932	595	875	519
		6,643	4,700	6,596	4,629
UNRESTRICTED RESERVES					
Income and expenditure reserve - unrestricted reserve		12,167	12,163	21,287	21,283
Revaluation reserve		10,889	10,889	12,128	12,128
		23,056	23,052	33,415	33,411
Non-controlling interest	15	125	-	153	-
TOTAL RESERVES		29,824	27,752	40,164	38,040

The Financial Statements were approved by Council on 19 November 2019 and were signed on its behalf on that date by:


Michael Draper
Chair of Council


Professor Jenny Higham
Principal


M. (Josh) Joshi
Treasurer

	NOTES	2019 £'000	2018 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		(10,340)	3,473
ADJUSTMENT FOR NON-CASH ITEMS			
Depreciation	12	6,075	7,491
Amortisation of intangibles	11	952	557
Loss/(gain) on investments	13	46	(1,011)
(Decrease)/increase in stock		(1)	2
Decrease/(increase) in debtors	16	3,272	(2,727)
Increase in bad debt provision		1,092	(185)
Decrease in creditors (excluding loans)	17	(2,524)	(2,386)
Increase/(decrease) in pension provision	19	10,662	(542)
Share of operating deficit in associate	15	28	28
Pension provision interest	8	163	157
Other non-cash items		176	51
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES			
Investment income	5	(510)	(570)
Interest payable	8	917	1,065
Capital grant income		(2,544)	(2,771)
NET CASH INFLOW FROM OPERATING ACTIVITIES		7,464	2,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital grants receipts		886	569
Investment and endowment income	5	510	570
Payments made to acquire fixed assets		(7,151)	(4,480)
Payments made to acquire intangible assets	11	(650)	(1,108)
Sale of non-current asset investments	13	2,200	-
		(4,205)	(4,449)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	8	(917)	(1,065)
New unsecured loans		-	189
Repayments of amounts borrowed	17	(1,463)	(1,347)
		(2,380)	(2,223)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR		879	(4,040)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		6,079	10,119
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22	6,958	6,079

1 TUITION FEE AND EDUCATION CONTRACTS

	2019	2018
	£'000	£'000
Full-time students charged home fees	27,699	21,473
Full-time students charged overseas fees	9,158	9,658
Part-time fees	549	338
Non-medical education and training funded by the NHS	2,836	6,357
Research training support grants	436	237
Short course fees	337	541
	41,015	38,604

2 FUNDING BODY GRANTS

	2019	2018
	£000	£000
RECURRENT GRANT		
Office for Students/Research England	14,319	14,236
SPECIFIC GRANTS		
Higher Education Innovation Fund	524	502
Deferred Capital Grants released in the year:		
Buildings	2,242	2,458
Equipment	144	157
	17,229	17,353

3 RESEARCH GRANTS AND CONTRACTS

	2019	2018
	£000	£000
Research Councils UK	2,489	3,510
UK government grants – other	1,901	1,908
European Commission	1,753	1,780
Charitable bodies	4,356	3,908
Industry and commerce	1,324	1,064
Other	1,272	1,123
Research and development expenditure credit	-	342
	13,095	13,635

4 OTHER INCOME

	2019	2018
	£000	£000
Residences, catering and conferences	3,343	3,066
Other services rendered	8,382	9,173
Undergraduate tariff income	2,025	2,004
Franchise income	754	641
Other income	4,158	4,040
Deferred capital grants released in the year	158	156
	18,820	19,080

5 INVESTMENT INCOME

	CONSOLIDATED		ST GEORGE'S	
	2019	2018	2019	2018
	£000	£000	£000	£000
Investment income on endowments	165	140	100	104
Other investment income	345	430	364	430
	510	570	464	534

6 DONATIONS AND ENDOWMENTS

	2019	2018
	£000	£000
Restricted donations	666	416
Unrestricted donations	123	-
	789	416

7 STAFF COSTS

	CONSOLIDATED		ST GEORGE'S	
	2019	2018	2019	2018
	£000	£000	£000	£000
Salaries	41,542	39,938	41,478	39,902
Social security costs	4,115	4,028	4,115	4,028
Movement on pension deficit provision	10,499	(699)	10,499	(699)
Other pension costs	6,054	5,598	6,054	5,598
	62,210	48,865	62,146	48,829

Included in the amounts shown above are compensation payments for loss of office totalling £158k (£119k – 2018) to 26 individuals (13 individuals - 2018). None of these served as Principal or key management personnel.

A further breakdown of the movement in the pension deficit provision is included in note 19.

	2019	2018
	£000	£000
Emoluments of the Principal	286	280
Professor Jenny Higham	286	280
Salary	286	280
Principal's remuneration as a multiple of median staff pay	5.9	5.8

Remuneration of other higher paid staff, excluding pension contribution, before salary sacrifice.

	2019	2018
	NO.	NO.
£100,000 to £104,999	3	-
£105,000 to £109,999	3	1
£110,000 to £114,999	1	-
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	1	3
£130,000 to £134,999	-	-
£135,000 to £139,999	1	-
£140,000 to £144,999	1	1
	11	6

Average staff numbers by major category:	2019 NO.	2018 NO.
Academic	251	260
Research	129	126
Management and specialist	13	12
Technical	47	50
Other	350	310
	790	758

KEY MANAGEMENT PERSONNEL

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

	2019 £000	2018 £000
Key management personnel compensation	1,849	1,765

Compensation consists of salary and benefits including any employer's pension contribution. Posts included within the definition of key management personnel are: Principal, Deputy Principals (3), Deans (3), Chief Operating Officer, Director of Finance, Institute Directors (3)

COUNCIL MEMBERS

St George's Council members are the Trustees for charitable law purposes. Due to the nature of St George'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 St George's Financial Regulations and usual procurement procedures.

No council member has received any remuneration/waived payments from St George during the year. Five members of Council claimed expenses to a total of £719. This represents travel and subsistence expenses incurred in attending Council and other events in their official capacity and the costs associated with the meetings.

TRADE UNION REPRESENTATIVES

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require St George's to publish data on trade union facility time each year. In total 6 employees were union officials over the period 1 April 2018 to 31 March 2019. On a full-time equivalent basis this represented a headcount of 5.9. For all 6 of the individuals the time they spent on trade union facility time fell into the category of 1%-50% of their working hours, although each spent less than 5% of their working hours on trade union facility time.

The total cost of these employees undertaking this time was £7,221. This represents 0.02% of our total pay bill. Further information is available on the website.

8 INTEREST AND OTHER FINANCE COSTS

	2019 £000	2018 £000
Loan interest	917	1,065
Net charge on pension schemes	163	157
Movement in bad debt provision	1,092	(185)
Other charges	(90)	(54)
	2,082	983

9 OTHER OPERATING EXPENSES BY ACTIVITY

	CONSOLIDATED		ST GEORGE'S	
	2019 £000	2018 £000	2019 £000	2018 £000
Academic and related expenditure	13,582	13,039	13,582	13,039
Research grants and contracts	3,962	4,350	3,962	4,350
Premises	6,959	6,934	6,959	6,934
Residences, catering and conferences	1,284	1,038	1,284	1,038
Other operating expenses	4,618	3,840	4,618	3,758
	30,405	29,201	30,405	29,119

Other operating expenses include:

	2019 £000	2018 £000
Internal auditor remuneration	80	91
External auditor remuneration in respect of statutory audit services	94	102
External auditor remuneration in respect of other audit services	5	5
Corporate subscriptions	437	341
Software licences	597	710
Operating lease rentals	141	133
Grants to Student Union	329	329
Other	2,935	2,129
	4,618	3,840

10 TAXATION

	2019 £000	2018 £000
Adjustment in respect of research and development expenditure credit (see note 3)	-	71
	-	71

11 INTANGIBLE ASSETS

	2019 £000
Software	
As at 1 August 2018	4,419
Additions in the year	652
Transfers	95
Amortisation charge for the year	(952)
AS AT 31 JULY 2019	4,214

The additions in the year relate to the purchase of computer software, including that under development. The assets currently capitalised are all being amortisation over a period of 10 years.

12 TANGIBLE FIXED ASSETS	Freehold Land £000	Freehold Building £000	Leasehold Building £000	Fixtures, Fittings & Equipment £000	Assets in the course of construction £000	Total £000
COST OR VALUATION						
As at 1 August 2018	10,330	26,385	96,728	12,528	497	146,468
Additions	-	-	554	769	5,989	7,312
Transfers	-	-	2,230	(11)	(2,314)	(95)
AS AT 31 JULY 2019	10,330	26,385	99,512	13,286	4,172	153,685
DEPRECIATION						
As at 1 August 2018	-	5,031	60,522	10,745	-	76,298
Charge for the year	-	551	4,705	819	-	6,075
AS AT 31 JULY 2019	-	5,582	65,227	11,564	-	82,373
NET BOOK VALUE						
AS AT 31 JULY 2019	10,330	20,803	34,285	1,722	4,172	71,312
AS AT 31 JULY 2018	10,330	21,354	36,206	1,783	497	70,170

As at 31 July 2019 freehold land and buildings included £10.3m (2018 - £10.3m) in respect of freehold land and was not depreciated.

A full valuation of St George's halls of residence was carried out as at 31 July 2014 by Gerald Eve LLP as part of the transition to FRS 102, and is measured on the basis of deemed cost, being the revalued amount at the date of transition.

13 NON-CURRENT INVESTMENTS	Other fixed asset investments £000	Subsidiary companies £000	Total £000
Consolidated			
As at 1 August 2018	21,952	-	21,952
Sale of non-current investments	(2,200)	-	(2,200)
Expenditure for the year	66	-	66
Realised gain	1,685	-	1,685
Unrealised loss	(1,731)	-	(1,731)
AS AT 31 JULY 2019	19,772	-	19,772
ST GEORGE'S			
As at 1 August 2018	20,106	-	20,106
Sale of non-current investments	(2,200)	-	(2,200)
Expenditure for the year	65	-	65
Realised gain	1,537	-	1,537
Unrealised loss	(1,577)	-	(1,577)
AS AT 31 JULY 2019	17,931	-	17,931

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

	Consolidated £000	St George's £000
Analysis by asset		
UK equities	7,210	6,539
International equities	6,343	5,752
Bonds	948	860
Multi-asset funds	777	704
Hedge funds	1,071	971
Property	2,458	2,229
Others	965	876
	19,772	17,931

14 HERITAGE ASSETS

Since its forebear's foundation in 1733 St George's, University of London has acquired a number of heritage assets in the medical field. These include items such as:

- The preserved cow hide with which Edward Jenner discovered the smallpox vaccine
- A cerecloth used to wrap the dead body of King George II
- Post mortem case books from 1841-1946
- Rare medical books dating to the 16th century
- The sofa on which John Hunter died

These assets are maintained by an archivist and a Wellcome Trust award was received this year to conserve the post mortem records.

There are no heritage assets capitalised in the balance sheet for the year ended 31 July 2019 as the elapsed time since acquisition and the information available on acquisition methods render the cost of identifying the appropriate accounting treatment is disproportionate to the benefit to be derived by users of the financial statements. No additions in the year under review met the capitalisation threshold of £10,000.

15 INVESTMENT IN ASSOCIATES

St George's 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	2019 £000	2018 £000
TiKa Diagnostics Ltd (40%)	72	85
BUGS Biosciences Ltd (35%)	53	68
	125	153

16 TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	CONSOLIDATED		ST GEORGE'S	
	2019 £000	2018 £000	2019 £000	2018 £000
Research grants receivables	2,839	3,063	2,839	3,063
Trade receivables	3,940	7,727	3,940	7,727
St George's University Hospital NHS Foundation Trust	3,176	2,622	3,176	2,622
Prepayments and accrued income	2,092	1,375	2,092	1,375
Other receivables	107	639	107	639
Amounts due from subsidiary companies	-	-	65	213
	12,154	15,426	12,219	15,639
Amounts falling due in more than one year:	-	-	-	-
	12,154	15,426	12,219	15,639

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED		ST GEORGE'S	
	2019 £000	2018 £000	2019 £000	2018 £000
Unsecured loans	1,479	1,463	1,479	1,463
Research grants and contracts	7,522	5,945	7,522	5,945
Deferred capital grants	1,867	2,040	1,867	2,040
Trade payables	4,230	3,801	4,230	3,801
Other payables	5,280	5,050	5,280	5,050
St George's University Hospital NHS Foundation Trust	919	1,836	919	1,836
Accruals and deferred income	6,342	7,560	6,342	7,560
Amounts due to subsidiary companies	-	-	47	201
	27,639	27,695	27,686	27,896

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.

	2019 £000	2018 £000
Undergraduate tariff income	89	91
Funding body income	231	-
Other deferred income	470	892
	125	153

**18 CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £000	2018 £000
Deferred capital grants	18,743	20,228
Unsecured loans	19,904	21,383
Other long term liabilities	641	1,608
	39,288	43,219
	2019 £000	2018 £000
ANALYSIS OF UNSECURED LOANS		
Due within one year or on demand	1,479	1,463
Due between one and two years	1,508	1,479
Due between two and five years	4,148	4,506
Due in five years or more	14,248	15,398
	21,383	22,846

Included in loans are the following

	AMOUNT £000	TERM	INTEREST RATE %
Barclays Bank plc	11,020	30 years	5.08
Barclays Bank plc	1,616	29 years	5.10
Santander UK plc	3,514	25 years	4.20
Santander UK plc	2,066	24 years	4.20
Santander UK plc	915	10 years	4.20
Santander UK plc	254	22 years	4.18
Santander UK plc	1,141	9 years	4.15
Santander UK plc	194	8 years	4.15
Salix Finance Ltd	663	5 years	0.00
	21,383		

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 2018	(5,179)	(80)	(1,868)	(7,127)
Increase in provision	(9,841)	-	(821)	(10,662)
AS AT 31 JULY 2019	(15,020)	(80)	(2,689)	(17,789)

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 2018	(5,179)	(80)	(1,868)	(7,127)
Increase in provision	(9,841)	-	(821)	(10,662)
AS AT 31 JULY 2019	(15,020)	(80)	(2,689)	(17,789)

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.

USS PENSION PROVISION

In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 26.

	2019	2018
Discount rate	2.44%	2.64%
Salary growth	2.7%	2.6%

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £5.2m to £15.0m. £9.8m of this increase is attributable to the change in the deficit contributions contractual commitment. More details on the 2017 actuarial valuation are set out in note 26.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 26. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £8.7m, a decrease of £6.3m from the current year end provision.

The major assumptions used to calculate this obligation are:

	2019	2018
Discount rate	1.58%	2.16%
Salary growth	2.7%	2.6%

SENSITIVITY ANALYSIS

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

Change in assumptions at 31 July 2019	Approximate impact
0.5% pa decrease in discount rate	£245k
0.5% pa increase in salary inflation over duration	£241k
0.5% pa increase in salary inflation year 1 only	£42k
0.5% increase in staff changes over duration	£246k
0.5% increase in staff changes year 1 only	£43k
1% increase in deficit contributions from April 2020	£1,482k
1 year increase in term	£813k

20 ENDOWMENT RESERVES

Restricted net assets relating to the endowments are as follows:

	CONSOLIDATED			ST GEORGE'S		
	Permanent restricted £000	Expendable £000	Total £000	Permanent restricted £000	Expendable £000	Total £000
AS AT 1 AUGUST 2018						
Capital	2,848	3,665	6,513	1,265	3,665	4,930
Accumulated income	255	(1,047)	(792)	227	(1,047)	(820)
	3,103	2,618	5,721	1,492	2,618	4,110
DEPRECIATION						
Investment income	101	64	165	36	64	100
Expenditure	(71)	(88)	(159)	(6)	(88)	(94)
Increase in market value of investments	(9)	(7)	(16)	(4)	(7)	(11)
TOTAL ENDOWMENT INCOME FOR THE YEAR	21	(31)	(10)	26	(31)	(5)
AS AT 31 JULY 2019	3,124	2,587	5,711	1,518	2,587	4,105
REPRESENTED BY:						
Capital	2,839	3,658	6,497	1,261	3,658	4,919
Accumulated income/(excess expenditure)	285	(1,071)	(786)	257	(1,071)	(814)
	3,124	2,587	5,711	1,518	2,587	4,105

22 CASH AND CASH EQUIVALENTS

	As at 1 August 2018 £000	Cash flows £000	As at 31 July 2019 £000
CASH AND CASH EQUIVALENTS	6,079	879	6,958

23 CAPITAL AND OTHER COMMITMENTS

	2019 £000	2018 £000
Commitments approved but not contracted for	4,691	5,359
Commitments contracted for	1,309	1,639
	6,000	6,998

24 OPERATING LEASES

	2019 £000	2018 £000
Total rentals payable under operating leases		
Payable during the year	141	116
Future minimum lease payments due		
No later than one year	148	116
Later than one year and no later than five years	178	190
TOTAL LEASE PAYMENTS DUE	326	306

25 SUBSIDIARY UNDERTAKINGS

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

COMPANY	PRINCIPAL ACTIVITY	OWNERSHIP
St George's Enterprises Ltd	Provides consultancy services to the medical sector on behalf of St George's and holds investments in two spin out companies. St George's directly holds 2 ordinary shares of £1	100% owned
St George's Global Partners Ltd	Held St George's 50% interest in INTO St George's Hospital Medical School LLP, a joint venture with International University Partnerships Ltd which was dissolved in November 2017. St George's directly holds 1 ordinary share of £1	100% owned
St George's Estates Ltd	Non-trading St George's directly holds 2 ordinary shares of £1	100% owned

26 PENSION SCHEMES

St George's 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.

St George's total pension costs were:	2019 £000	2018 £000
USS	3,395	3,192
SAUL	684	611
NHSSS	1,176	1,029
TPS	602	577
LGPS	193	185
NEST	4	3
	6,054	5,597

UNIVERSITIES SUPERANNUATION SCHEME (USS)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway but was not completed at 31 July 2019.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth 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 £60.0 billion and the value of the Scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Pre-retirement members' mortality
71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females

Post-retirement members' mortality
96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2016 projections were adopted with a smoothing parameter of 8.5 and long term rates of 1.8% per annum for males and 1.6% per annum for females. The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

	2019 £bn	2018 £bn
Scheme assets	60.0	63.3
Total scheme liabilities	67.5	72.0
FRS 102 total scheme deficit	7.5	8.4
FRS 102 total funding level	89%	88%

SUPERANNUATION ARRANGEMENTS OF THE UNIVERSITY OF LONDON (SAUL)

The total cost charged to the income and expenditure account is £0.7m (2018: £0.6m). The contribution rate payable by St George's was 16% of employee salaries.

St George's participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016). SAUL 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 a Career Average Revalued Earnings ("CARE") basis.

St George's 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 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.

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

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

St George's is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. St George's accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

NATIONAL HEALTH SERVICE SUPERANNUATION SCHEME (NHSS)

The total cost charged to the income and expenditure account is £1.2m (2018: £1.0m). The contribution rate payable by St George's was 14.3% of employee salaries until 31 March 2019 and 20.6% from 1 April 2019.

The NHSS 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 St George's were members of the scheme. As the NHSS is a multi-employer scheme consequently it is unlikely that it will be possible to identify St George'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 St George's future contribution commitment. A formal valuation of the scheme last took place on 31 March 2016. 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

St George's 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 £0.6m (2018: £0.6m). 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 St George's share of the underlying assets and liabilities.

The last valuation of the scheme as at 31 March 2016 revealed that the scheme was in deficit.

LOCAL GOVERNMENT PENSION SCHEME

The total cost charged to the income and expenditure account is £0.2m (2018: £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 2019. 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.

	2019	2018
Discount rate	2.1%	2.8%
Pensionable salary growth	2.0%	2.8%
Pension increases	2.4%	2.4%

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

	Males	Female
Current pensioners	21.6 years	23.8 years
Future pensioners	22.6 years	25.2 years

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

Reconciliation of movement in the fair value of plan assets	2019 £000	2018 £000
Opening position	6,464	5,774
Interest on plan assets	183	159
Plan participants' contributions	59	62
Employer contributions	220	242
Benefits paid	(126)	(116)
Return on assets excluding amounts included in net interest	384	343
CLOSING POSITION	7,184	6,464

Reconciliation of the present value of the defined benefit obligation	2019 £000	2018 £000
Opening position	8,267	8,140
Current service costs	335	340
Interest cost on defined benefit obligation	235	224
Plan participants contributions	59	62
Benefits paid	(126)	(116)
Change in financial assumptions	987	(383)
CLOSING POSITION	9,757	8,267

27 FINANCIAL INSTRUMENTS

The financial statements have been prepared on the historical cost convention (modified by the revaluation of heritage asset and investments), except for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate.

Fair value measurements are, to the extent possible, based on are quoted prices in active markets for identical assets or liabilities that the entity can access. Where quoted prices are not available the University then, also to the extent possible, uses observable market data for the asset or liability, either directly or indirectly. All other fair value measurements and based on unobservable inputs for the asset or liability. Further details are provided in the accounting policies.

Financial Assets

	CONSOLIDATED		ST GEORGE'S	
	2019	2018	2019	2018
	£000	£000	£000	£000
Non-current investments	19,772	20,106	17,931	20,106
Trade and other receivables	12,154	15,426	12,154	15,426
Amounts due from subsidiary companies	-	-	65	213
	31,926	35,532	30,150	35,745

Financial Liabilities

	CONSOLIDATED		ST GEORGE'S	
	2019	2018	2019	2018
	£000	£000	£000	£000
Unsecured loans	21,383	22,846	21,383	22,846
Trade payables	5,150	5,637	5,150	5,637
Accruals and deferred income	6,342	7,560	6,342	7,560
Other long-term creditors	34,052	34,871	34,052	34,871
Amounts due to subsidiary companies	-	-	46	201
	66,927	70,914	66,973	71,115

28 RELATED PARTY TRANSACTIONS

St George's enjoys close relationships with Kingston University, SGUHFT and similar health providers and purchaser organisations that actively support medical education. Kingston University and SGUHFT are represented on St George's Council. Income from these organisations is included within Other operating income – services rendered (Note 4) and the balance owed by SGUHFT, being the most material, is set out in Note 16 and amounts due to SGUHFT 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 Executive Board. Under the terms of the Joint Arrangement Agreement, the assets, liabilities, income and expenditure of the Faculty are divided equally between St George's and Kingston University. St George'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. St George's provides space and an annual grant to the Students' Union of £329k (£329k in 2017/18). The Students' Union provides hospitality services and items from its retail outlets to St George's 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 St George's undertakes business. There were no significant transactions with any of these entities.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS

St George's 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.

OFFICE FOR STUDENTS CLAWBACK

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

BAD DEBT PROVISION

An estimate has been made on the likelihood of the recoverability of debt outstanding at year end.

30 POST BALANCE SHEET EVENT

As set out in Note 19 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £6.3m in the provision for the obligation to fund the deficit on the USS pension which would instead be £8.7m. This adjustment will be reflected in St George's Financial Statements for the year ended 31 July 2020.

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