



Financial Statements

for the year ended 31 July 2017



Contents.....

2	Membership of Council
3	Strategic Report
7	Corporate Governance Statement
12	Statement of the Responsibilities of City's Council
14	Public Benefit Statement
18	Independent Auditor's Report to the Council of City, University of London
20	Statement of Council's Responsibilities in Respect of the Strategic Report and the Financial Statements
21	Statement of Accounting Policies
24	Group and City Statement of Comprehensive Income and Expenditure
25	Group and City Statement of Changes in Reserves
26	Group and City Balance Sheet
27	Group Cash flow
28	Notes to the Accounts

Membership of Council.....

Period 1 August 2016 to 17 November 2017, reflecting new titles following City's accession to the University of London on 1 September 2016

Rector

The Right Honourable The Lord Mayor of London

Chair of Council

Mr R Woodward

Deputy Chair of Council

Mr R Bright (to 31 July 2017)

Ms J Palca (from 1 August 2017)

President

Professor Sir P Curran

Independent Members

Sir B Barber

Dame L Brindley

Mr A Friend

Professor I Gray

Mr A Haxby

Ms P Hird

Professor C Jenks (from 1 January 2017)

Ms J Legrand

Sir J Low

Ms H Nouss

Ms J Wright (from 1 January 2017)

Mr R Zeghibe (from 1 September 2016)

Staff and Student Members

Mr Y Ahmad (to 30 June 2017)

Professor M Lewis

Ms M Luckiram

Ms O Matcovschi (from 1 July 2017)

Professor S Newman

Ms C Rylatt (from 15 August 2016)

Honorary Rectors (not members of Council)

The Hon. Mr A Bagri

Professor Sir D Bone

Senior Elected Senator (not a member of Council)

Dr R Cohen

President and other Key Officers – current

Professor Sir P Curran, President

Professor D Bolton, Deputy President and Provost

Professor A Jones, Vice-President, Research & Enterprise

Professor S Newman, Vice-President, International (part time)

Professor R Verrall, Vice-President, Strategy & Planning

Professor R Crouch, Dean, School of Mathematics, Computer Science and Engineering

Professor T Farrell, Dean, School of Arts and Social Sciences (from 1 September 2016 to 30 September 2017)

Professor K Grattan, Dean, City Graduate School

Professor C Greer, Interim Dean, School of Arts and Social Sciences (from 1 October 2017)

Professor M Lewis, Dean, Cass Business School

Professor D Salmon, Dean, School of Health Sciences (from 1 July 2017)

Professor L Solkin, Interim Dean, School of Arts and Social Sciences (to 31 August 2016)

Professor C Stychin, Dean, City Law School

Professor S Newman, Dean, School of Health Sciences (to 30 June 2017)

Dr W Jordan, College Secretary

Ms M Luckiram, Director of Human Resources

Ms C Rylatt, Chief Financial Officer (from 15 August 2016)

Mr J Unsworth, Interim Chief Financial Officer (to 14 August 2016)

Strategic Report

Scope of the Financial Statements

The financial statements comprise the consolidated results of City, University of London (referred to as City), its two subsidiaries - *City Foundations Limited* and *City Entrepreneurship Limited* - and the *City University London Students' Union*. City has one dormant company, *Cass Executive Education Limited*.

Basis of Preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education 2015' and in accordance with Financial Reporting Standard (FRS) 102.

Summary Results for the year

The consolidated Statement of Income and Expenditure (SOCIE) shows:

	2017	2016
	£M	£M
Income	226.7	217.5
Expenditure	221.1	205.6
Operating Surplus	5.6	11.9
Gain on investments	0.4	0.0
Share of surplus/(deficit) in Joint Venture	0.5	(0.8)
Surplus for the year	6.5	11.1

The Surplus of £6.5M is £4.6M less than that reported for 2015/16. The variances are summarised as follows:

Income: a £9.7M increase in tuition fee and educational contract income, offset by a £0.6M reduction in donations and endowment income.

Expenditure: a £6.7M increase in staff costs, a £1.1M in year increase in the LPFA pension provision and a one off movement in the FRS102 holiday accrual of £4.4M (due to the change in measurement methodology in 2015/16), increased depreciation of £1.8M, other cost increases of £1.2M, and the introduction of interest on borrowing costs £0.5M.

These increases were offset by the £1.3M movement in the INTO JV's profitability as well as a £0.4M gain on investments.

Comprehensive income for the year

The movement from the surplus above to total comprehensive income is as follows:

	2017	2016
	£M	£M
Surplus for the year as above	6.5	11.1
Unrealised surplus on revaluation of Land and Buildings	2.3	10.4
Actuarial gain/(loss) in respect of Pension Schemes	5.5	(14.4)
Total Comprehensive Income for the year	14.3	7.1

These movements although significant and potentially volatile, are outside of City's direct influence and control and are therefore monitored but City notes that they do not affect its core activities and cash position.

Income

The table below further analyses income compared to the prior year:

	2017	2016
	£M	£M
Tuition fees	161.8	152.6
Funding body grants	21.9	21.8
NHS contracts	17.9	17.3
Research grants and contracts	11.6	11.7
Other income	10.0	10.3
Donations and endowments	2.8	3.4
Investment income	0.7	0.4
Total operating income	226.7	217.5

Total operating income increased by £9.2M (4.2%) to £226.7M.

Tuition fee income (excluding NHS educational contracts) increased by £9.2M (6.0%), to £161.8M. Tuition fees from Full Time Home and EU students increased by £5.6M, Full Time International Students increased by £3.3M and Part Time students increased by £0.6M. This was offset by reductions in Other Tuition Fees of £0.4M.

Funding body grants from HEFCE continue to represent a diminishing proportion of our total income, now standing at 9.7% (10.0% in 2015/16).

Income from research grants and contracts stayed broadly the same as the previous year.

Donations and endowments income decreased by £0.6M.

Investment income increased by £0.3M due to improved market gains and having more money to invest than the previous year. All of City's cash and endowment investments are managed in line with its Investment Policy.

Expenditure

The table below analyses expenditure compared to the prior year:

	2017	2016
	£M	£M
Staff costs (excluding restructuring)	128.3	121.6
Staff restructuring costs	0.6	1.1
Other operating expenses	72.0	70.8
Depreciation	14.8	13.1
Interest and other finance costs	3.0	1.9
Core expenditure	218.7	208.5
Movement on pension provisions and holiday accruals	2.4	(2.9)
Total operating expenditure	221.1	205.6

Strategic Report

Core expenditure increased by £10.2M (4.9%) compared to the previous year.

Staff costs, excluding restructuring, increased by £6.7M (5.5%), reflecting in-year increases in employment costs.

Non-staff costs, excluding depreciation, increased by a relatively modest £1.2M (1.7%). This reflects cost restraint exercised and achieved in the year, especially in light of increased inflation within the general economy. The largest cost increase was in the area of rents, which is reflective of City's central London location.

Depreciation for the year increased from £13.1M to £14.8M reflecting City's ongoing investments in its estate and IT infrastructure.

Interest and other finance costs increased by £1.1M. This is a result of the £0.4M part year interest charge relating to our new borrowings and a £0.6M increase in foreign exchange differences being recognised in 2016/17.

FRS102 requires that the movement on pension provisions and untaken staff holiday is estimated and accrued for at year end. These are accounting estimates and hence are being shown separately from core expenditure. The pension adjustments are out of City's direct influence, and may be volatile, hence making the accounts difficult to compare and read. These movements comprise the following:

	2017 £M	2016 £M
Movement on USS Provision	0.0	0.3
Movement on LPFA Provision	1.6	0.5
Movement on Holiday Accrual	0.8	(3.7)
Total movements	2.4	(2.9)

The movement on the Holiday Accrual is due to the adoption of a new estimation method being applied in 2016. This movement is therefore not expected to be so volatile going forwards as it will be using a consistent methodology to calculate it. The change in methodology arose due to the adoption of a new and better system for recording annual leave at City.

The movement on the LPFA Provision is mainly due to changes in the current service cost relating to employees on the LPFA scheme.

Capital projects and investment property

The value of City's Tangible Fixed Assets and Investment Property increased by £8.8M to £355.9M. This is mainly due to the ongoing investment in the University's estates and IT infrastructure, as part of its *Strategic Investment Plan*.

INTO City LLP

INTO City LLP is a joint venture between City and INTO University Partnerships Limited which began trading in January

2010. Its principal activity is the provision of pre-University education for international students, with the intention that a significant proportion of those students progress to degree level programmes at City. A 50% share of the gross assets and liabilities is included in City's balance sheet and 50% of its net income is reported in the consolidated income and expenditure account.

The accounting impact for City's share of the joint venture's results in 2017 was a surplus of £0.5M. This is the first significant surplus in the joint venture's history and is reflective of the changes being made to the joint venture's financial and management arrangements. These changes have now come fully into effect from 1 September 2017 and are expected to ensure the joint venture's future sustainability and a reduction of its built up losses being made over time.

Investments

FRS102 and the HE SORP requires any investments that can readily be converted to cash within 90 days to be classed as *Cash and Cash Equivalents* at year end. Investments that are held for longer than this are then classed as either current or non-current asset investments. As such, City's working capital cash and endowments related investments are split across several lines on the Balance Sheet – *Cash and Cash Equivalents* and *Investments* within both the *Current* and *Non-Current Assets* sections.

City's allocation of Cash and Investments is indicated in the table below:

Allocation of Investments	Non-Current Asset Invest's £M	Current Asset Invest's £M	Cash and Cash Equiv's £M	Total £M
Working capital cash	0.0	17.7	74.3	92.0
Endowments & restricted reserves	12.3	0.0	1.8	14.1
Bonds relating to post graduate student loans	1.5	0.0	0.0	1.5
Loan to spinout company	1.5	0.0	0.0	1.5
Investments in spinout companies	0.2	0.0	0.0	0.2
Total	15.5	17.7	76.1	109.3

City's working capital cash and endowment reserves continue to be managed in accordance with its Investment Policy and under the management of its external investment managers.

The balance of City's investments are made up of £1.5M bonds relating to post graduate loans, a £1.5M loan to one of

Strategic Report

its spin out companies and £0.2M of shares in subsidiaries and spin out companies.

Cash flows

City's balance sheet shows a balance of cash and cash equivalents of £76.1M at the year end, an increase of £39.0M over the previous year. The increase in cash is due to a £25.9M inflow from operating activities and the £60M borrowing receipt. These are offset by £21.5M outflows relating to investments in fixed assets and £25.5M in financial investment assets.

City's cash generation and cash position remains healthy and in line with its forecasts.

Borrowings

2017 is the first year that City has undertaken a large scale borrowing exercise. In April 2017, City completed a privately arranged and competitive borrowing exercise, which secured £60M of long term funds for City to use in financing its *Strategic Investment Plan*.

In September 2016, City secured a £20M revolving credit facility, which it has not drawn down upon. This facility is intended to only be utilised should City require future funding flexibility.

Pensions

City participates in two multi-employer defined benefit pension schemes, the Universities Superannuation Scheme (USS) and the local government scheme which in London is managed by the London Pensions Fund Authority (LPFA).

Nearly 80% of staff members are in the USS. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions. City is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The scheme was subject to a triennial valuation as at 31st March 2014. The consultation around the 2017 valuation is ongoing and City is monitoring developments closely.

Under FRS102, City has accounted for its estimated share of the deficit recovery plan relating to the USS. This is calculated using the approved sector wide method. The liability for 2017 is currently estimated to be £23.7M and has been accounted for as such.

The LPFA scheme currently shows an FRS102 deficit of £45.6M for City, a decrease of £2.6M from 2016. The present value of the fund's liabilities for City has increased by £7.1M to £105.7M and assets have increased in value by £9.7M to £60.1M. City's share of the LPFA scheme deficit is reflected in the balance sheet in accordance with FRS102. This calculation reflects the position of the fund on one particular day based on a prescribed set of assumptions and does not determine the contributions that employers pay into the fund. The contribution level is set based on the actuary's

recommendation following the revaluation, which last took place in March 2014.

Subsidiaries

The significant majority of activity is within City itself. The University's two active wholly owned subsidiaries are *City Foundations Limited*, which began trading in January 2010 and owns 50% of the joint venture with the INTO Group. The results for INTO City LLP have been incorporated into the consolidated income and expenditure account and the balance sheet. The other subsidiary is *City Entrepreneurship Limited* which holds various investments relating to Cass Business School.

City University London Students' Union

The Students' Union has amended its governance and constitutional arrangements with City. They have also changed their legal persona by moving from an unincorporated charity to an incorporated charitable company limited by guarantee. The new entity, now called *City, University of London Students' Union*, was incorporated on 23 June 2017 and started trading from 1 August 2017.

These collective changes have resulted in the Students' Union no longer meeting the criteria for being classed as a group entity from 2017/18 onwards. Consequently, this will be the last year of the Students' Union being incorporated within the Group accounts.

Financial Indicators

Due to the introduction of FRS102, both the HE sector and City's individual year on year performance are now likely to be volatile for certain measures. This is mainly due to the introduction of pension movements and annual leave to its expenditure.

As a result of this, City has adjusted several general performance indicators for these movements and these adjusted indicators are listed below.

	2017	2016
Surplus (excluding pension and leave accrual movements) as a % of total income	3.9%	3.8%
External borrowing as a % of total income	26.5%	0%
Net liquidity days	136	69
Core staff costs as a % of total income	56.5%	55.9%

These indicators show that City continues to be financially strong.

Risk Management

Risk management is currently addressed at strategic, operational and project level, and is periodically reviewed by the Council, Audit and Risk Committee, Executive Committee,

Strategic Report.....

School Executive Committees and Project Boards. The reviews consider the addition or deletion of risks and the reassessment of impact and probability, as well as the adequacy of action being taken to mitigate risk.

The Audit and Risk Committee receives risk management reports and assures Council on the effectiveness of arrangements for risk management. The work carried out during the year has given particular recognition to the risks that will bear directly upon the ability of City to achieve its Vision.

Financial strategy and future outlook

City's outlook remains positive and bullish. Current year recruitment has been good. The successful accession to the federal *University of London* in September 2016 is starting to bear dividends with closer partnerships and working with other members of the federation emerging as well as leveraging the marketing advantages associated with the new association.

City's *Vision and Strategy 2026*, was approved by Council in October 2016. As part of this, City will:

- Build on the quality ('better') focus of the Strategic Plan 2012 to 2016, maintaining City's current upwards trajectory in research intensity, research quality, education quality and student experience;
- Achieve growth ('bigger') where possible in a way which maintains or increases quality. Over the next five years, growth will be achieved vertically where existing subjects have momentum and horizontally where City's existing strengths can be leveraged through new and joint degrees and shared pathways. Growth in student numbers will be accompanied by growth in research and enterprise income, reflecting both the breadth and impact of our research;
- Leverage partnership working internationally, within London and through the *University of London*.

City's financial plan enables the Vision by ensuring that resource is deployed where it is required, in order to secure the outcomes that are consistent with the Vision, while maintaining and securing the sustainability of the institution. The new Vision is ambitious and encompasses targeted growth in academic activities and further investment in City's estate and IT infrastructure to ensure it is best placed to meet its student and stakeholder needs for the future.

City continues to actively monitor developments and impacts on its students, staff and stakeholders following the UK Referendum result to leave the EU. It is actively responding to changes as they become apparent and emerge.

Going concern

The Chief Financial Officer, on behalf of the Executive Committee, has conducted an assessment of whether City is a going concern. This assessment has been conducted with reference to the guidance produced by the Financial Reporting

Council in October 2009 'Going Concern and Liquidity Risk'. Particular note has been taken of the need to ensure the exercise is proportionate to the size and level of financial risk and complexity of the organisation. The review covers a 12 month period from the date of signing the financial statements and concludes that there are no material uncertainties that cast significant doubt about the ability of City to continue as a going concern.

City has a positive balance of cash and investments of £109.3M at the balance sheet date and comparatively small level of borrowing £60.0M. Sources of income for the year ahead have been largely secured through grant income from HEFCE, contract income from the NHS and tuition fees from registered students. The cash flow forecast for the next 12 months reveals positive cash balances throughout this period. City has no liabilities, contingent or otherwise, that would pose a threat to its operation in the coming year. The Statement of Council's Responsibilities and the Corporate Governance Statement summarise the arrangements in place for the on-going identification and management of risk. City has therefore a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.



Ms C Rylatt, Chief Financial Officer
17 November 2017

Corporate Governance Statement

The following statement is provided to enable readers of the Financial Statements to obtain a better understanding of City's governance and legal structure.

City structures its governance arrangements in accordance with the recommendations of recent reviews of corporate governance, the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to Universities that has been provided by the Committee of University Chairs (CUC) for members of Higher Education Governing Bodies in the UK (The Higher Education Code of Governance). The CUC operates the principle that Higher Education Institutions should comply with the Code or provide an explanation for areas of non-compliance.

City is an independent corporation, governed by a Royal Charter, first granted in 1966 and amended by a supplemental Charter 2016 which came into effect on 1st September to reflect City's accession on that date to the University of London federation. City has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charities Commission. Since 1 June 2010, The Higher Education Funding Council for England (HEFCE) has been 'principal regulator' for charity law purposes of those English universities which are exempt charities. City's Council members act as trustees for charitable law purposes.

City's Charter and Statutes prescribe the following components to City's governance:

- **Rector** - The Rector is the head of City who presides over the Court (Annual Stakeholders Meeting) and confers awards on behalf of City. The Rector is, ex-officio, the Lord Mayor of the City of London. The ceremonial and supportive role performed by the Rector is highly valued by City.
- **Council** - Council is the supreme governing body, responsible for the affairs of City, setting City's strategic direction, ensuring effective management and control of City's affairs, property and finances and determining its structure, staffing and overall composition. It appoints the President, the Chair and Deputy Chair of Council and the College Secretary. It has given significant delegated powers to its Committees and to the President through a delegations framework set out in its Ordinances.
- **Senate** - Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards.

Council

Council consists of a maximum of twenty-one members: five members by virtue of office – the Chair and Deputy Chair of Council, the President and the Chief Financial Officer and the President of the Students' Union; and up to twelve additional

independent members; and up to four additional members drawn from staff and students. City's Council comprised twenty members at 25th November of whom fourteen, including the Chair and Deputy Chair, were external independent members. There was one vacancy for a staff or student member. The staff and student members of Council at that date included the Director of Human Resources, one Vice-President and one Dean.

The role of the Chair of Council is separate from the role of City's Chief Executive, the President.

Council has five committees: Senate, an Audit and Risk Committee (ARC), a Corporate Governance and Nominations Committee (CGNC), a Remuneration Committee (RemCo), and a Strategy, Implementation and Performance Committee (SIPCo).

All of these Committees are formally constituted with terms of reference. With the exception of Senate, each is chaired by an independent member of Council and membership is normally limited to independent Council members. But the President is a member of both SIPCo and CGNC, the Vice-President for Strategy & Planning is a member of CGNC and the Students' Union President is a member of SIPCo. The independent members of Council are each expected to sit on at least one Council Committee.

In some cases independent appointees are co-opted to serve on a Committee, because of their relevant expertise. There are no independent members on Senate though there is an open invitation for Council members to attend as observers. Seven independent members of Council attended meetings of Senate in 2016/17. Senate is chaired by the President. Relevant members of the Executive attend Council Committees as required.

There are arrangements to allow the formation of a Redundancy Committee in the event of any compulsory redundancies being proposed. No Redundancy Committee met in 2016/17.

City normally uses executive search (in 2016/17, this was Russell Reynolds Associates) to assist in the appointment of members of Council (three independent members were appointed in 2016/17). In 2017, City used the services of Russell Reynolds Associates to assist in the appointment of a new Deputy Chair of Council and Chair Elect.

City does not publicise vacancies widely as recommended in the Higher Education Code of Governance. The appointment process seeks to match individuals' skills and experience with City's aims and the terms of reference and priorities of Committees. The process City has followed seeks to strengthen Council's membership and improve the diversity of its membership.

Independent Council members do not have service contracts or receive any payment for the work that they do for City,

Corporate Governance Statement.....

apart from the re-imbursement of expenses. A term of office for an independent Council member is limited to three years or for such shorter period as Council may determine. Members are eligible for re- appointment but may not serve more than three terms of three years or nine years in total with the exception of a member who becomes Chair of Council who can then serve a further two terms of three years as Chair. City maintains a Register of Interests of members of the Council, which may be viewed on City's Governance web pages.

The College Secretary is responsible for managing City's governance processes and reports directly to the Chair of Council. The minutes of Council appear on the governance public web pages following their approval by Council. A short report on the Council meeting is sent to all staff a day or so after the meeting and staff can access all the papers on the intranet except those that are closed. Very few papers are closed to staff as there is a classification "restricted", which allows papers to be closed to the public but open to staff on a confidential basis. The minutes and papers from Council's Committees are not available for staff, students, or the general public, with the exception of arrangements for Senate, which are described below.

Council had six meetings in 2016/17, one of which was an Away Day. It had three plenary sessions on the evenings before the Council meeting and three informal dinners for the Chairs of Committees to which there was an open invitation to all independent members to attend. City's governance arrangements continue to seek to ensure that all Council members fully participate in all Council discussions and that there are constructive relationships between the Executive and the Council.

There is an annual appraisal scheme for all Council members, which also serves as an annual effectiveness review. The members and regular attendees of Council complete a short questionnaire which rates the performance of Council and the contribution of the individual member. This is then followed by a meeting or telephone conversation between the member and the Chair of Council. The process has been completed for 2016/17 and the Chair of Council reported his view to the July Council on the process noting that in his view no governance changes were required. CGNC will review all the comments from the questionnaires as part of its role.

Additionally in 2016/17, an independent review of Council's effectiveness was conducted for Council by Minerva. This confirmed that governance worked well at City and 'reflected an investment of resource, attention and commitment that was remarkable in UK Higher Education'.

Audit and Risk Committee (ARC)

This Committee receives a report on the Financial Statements from the External Auditors. It reviews and scrutinises the Financial Statements and recommends their

approval by Council after any necessary changes have been made. It meets in private with the External Auditors. It reviews and approves the internal audit programme for the year and considers the adequacy of its resources. It considers detailed internal audit reports and recommendations for the improvement of City's systems of internal control, together with the Executive's response and implementation plans. It also has a role in reviewing the achievement of value for money within the institution and monitors City's risk management processes. The Committee receives reports from the Executive in order to inform its judgments – specifically an assurance from the President on Internal Controls and reports on Value for Money and Data Quality. Each year the Committee gives Council an opinion on the adequacy and effectiveness of City's arrangements for: risk management, control, governance, value for money, and management and the quality of data submitted to HESA and HEFCE.

The Committee is chaired by an independent member of Council, Ms Hunada Nouss. The Committee membership does not include any staff members but includes two co-opted members appointed for their relevant expertise – Mr Hanif Barma and Mr James Friend. The internal and external auditors attend each meeting.

The Committee met four times in 2016/17. It regularly met the President without other members of the Executive or the auditors being present to discuss risk. During the year, the Committee met risk owners on a rolling programme to discuss the management of those risks in more detail. It also regularly received the risk register and commented on this before Council received the risk register, which it does on a bi-annual basis. The Committee reviews its own effectiveness and the effectiveness of the internal and external auditors on an annual basis.

Corporate Governance and Nominations Committee (CGNC)

This Committee advises Council on matters concerning City's corporate governance capability, structural arrangements and practices, membership of the Council and its Committees, and amendments to the Charter, Statutes and Ordinances. This Committee is also responsible for making recommendations to Council on nominations for honorary degrees. The Committee was chaired in 2016/17 by a lay member of Council, Mr Roger Bright.

CGNC met three times in 2016/17. It recommended for approval to Council: the appointment of a Deputy Chair and Chair Elect of Council and the appointment of two new members of Council; membership changes to Council Committees; and eleven nominations for the award of an Honorary Degree. CGNC oversaw the selection of an organisation to conduct an independent review of Council effectiveness which took place in 2016/17. Finally CGNC also discussed the implications of the HEFCE revised operating model for quality assessment at higher education

Corporate Governance Statement

institutions, considered proposed changes to City Students' Union governance arrangements and reviewed the comments from the Council annual appraisal scheme.

Remuneration Committee (RemCo)

The Committee determines the terms and conditions of employment of the President, members of the Executive team, the Deans, the College Secretary and the Director of Internal Audit. It also reviews and determines the remuneration for the above staff, taking into account recommendations from the Chair of Council or the President, HEFCE guidance, market related factors, equal pay and other relevant legislation. RemCo also has overall responsibility for and oversight of the remuneration of staff earning more than £100,000.

The Committee's Terms of Reference also require it to keep under review progress in addressing equality and diversity issues at City.

The Committee was chaired in 2016/17 by an independent member of Council, Ms Philippa Hird. The Committee is advised by a Director from the Hay Group, Mr Peter Smith, and has one co-opted member, Mr Peter Blausten, appointed for his relevant expertise. The Chair of Council is a member of the Committee, as are two other independent members of Council. The President attends meetings of the Committee but has never been a member of the Committee and is not present when his remuneration is considered or set.

RemCo met three times in 2016/17 to consider the remuneration of senior staff, and policies relating to the remuneration of senior staff. RemCo also considered progress on equality and diversity issues, including City's successful application for an Athena SWAN bronze award.

Strategy, Implementation and Performance Committee (SIPCo)

This Committee gains assurance for Council on strategic issues including in 2016/17 the development of City's Vision & Strategy 2026 and supporting strategies. It monitors the progress of the Executive in implementing the Vision & Strategy and advises the Executive and Council on proposals to be brought to Council to enable the implementation of the Vision & Strategy 2026 e.g. proposals for capital expenditure and financing or major structural change.

The Committee keeps the Strategic Plan under review and recommends any necessary changes to Council in the light of developments within or outside the Higher Education sector. It also approves the Annual Transparency Return (TRAC) to HEFCE on behalf of Council. In 2016/17 the Committee also provided a forum for engagement between the Executive and lay members of Council in relation to the development of the Vision & Strategy 2026. The Chair was chaired 2016/17 by an independent member of Council, Mr Andy Friend.

The governance objective for the Committee is to allow more discussion of strategy, implementation and performance at City but in a manner that ensures that the main responsibility continues to be held and clearly exercised by Council. SIPCo met five times in 2016/17.

Senate

Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards. It is chaired by the President. In 2016/17 the composition allowed sixteen ex-officio positions and an equal number of members elected from the academic staff plus up to five students and a member of staff elected from Visiting Academic Staff, making a potential total membership of up to thirty-eight. As some members of academic staff held more than one office in 2016/17, Senate in 2016/17 had a total membership of thirty-six. Elected Members are appointed for a three year period and at least two elected members must be drawn from each Board of Studies area. All Senators are expected to express views that benefit City as a whole.

The elected members elect from their number a Senior Elected Senator (SES) (currently Dr Rachel Cohen) who, for a three year period, acts as a point of contact for Senate members and other academic staff if there are concerns that significant matters of academic quality and standards have not been appropriately addressed by Senate. The SES has the right to raise such matters directly with the Chair of Council. The role ensures that there is an alternative route of communication to Council for members of Senate if they have concerns in respect of academic quality and/or standards that have not been addressed by the President and the Executive.

Senate delegates many of its responsibilities to the President and to its subcommittees. The key sub-committees are six Boards of Studies, Assessment Boards, Research Ethics Committee, Collaborative Provision Committee and Academic Governance Committee. Internal Audit supports Senate and its sub-committees in reviewing on a rolling basis processes agreed by Senate, to ensure they are operating appropriately.

Senate met six times in 2016/17. The minutes and papers are available to the public on the website although restricted papers are only available to staff and students. A short report on the Senate meeting is sent to all staff a day or so after the meeting.

President

Council delegates authority and responsibility for the management of the institution to the President, who is City's principal academic and chief executive officer. He has general responsibility to the Council for maintaining and promoting the efficiency and good order of City.

Corporate Governance Statement

Under the terms of the HEFCE Memorandum of Assurance & Accountability, the President is City's accountable officer. As accountable officer the President is personally responsible for ensuring compliance with the HEFCE Memorandum and for providing HEFCE with clear assurances to this effect. As City's Chief Executive, the President exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos.

The President is personally responsible for the exercise of the powers delegated to him in the delegations framework agreed by Council. The President is advised by an Executive Committee comprising the Deputy President & Provost, Vice-Presidents, Chief Financial Officer and Director of Human Resources together with the Deans and other key Professional Services Directors.

President's Remuneration

Remuneration of the President at City is determined by the Remuneration Committee of Council.

The President's total remuneration comprises: salary, taxable benefits in kind, performance related remuneration (PRR) and pension contribution.

In determining the remuneration of the President and of other senior staff within its remit, the Remuneration Committee works within the context of remuneration and HR strategies that have been developed to support delivery of City's *Vision & Strategy 2026*. Details of that strategy and of progress in its implementation can be found on the City website at www.city.ac.uk/about/city-information/vision-strategy-2026.

The President's salary is reviewed by the Remuneration Committee in June of each year to determine the salary effective from August. The Committee's annual review of salary is informed by remuneration benchmark data from, among other sources, the Committee of University Chairs and with reference to City's remuneration strategy. Salary is determined by an assessment of long-term performance, retention considerations and relevant market conditions. It is not automatically increased by the annually negotiated cost of living increase for university staff across the Higher Education sector. When reviewing the President's salary in June 2015, the Committee determined that the President's salary was appropriate as it stood and no increase was proposed.

This year 2016/17 marked a year of exceptional achievement for City: City acceded to the University of London federation in September 2016; for the second successive year, City was first in London for student satisfaction; and for the employability of its students was the 15th strongest university in the UK, its best result to date. This year also marked the culmination of 5 years' work to implement the Strategic Plan 2012-16, which had seen City more than double the proportion of its academic staff producing world-leading and internationally-excellent research, and return to surplus after some years of annual deficit.

The exceptional achievement of the President over several years was reflected in the decision taken by the Remuneration Committee in June 2016 to award the President an increase in salary of 5%.

An important element of City's remuneration strategy is that pay for senior staff includes an element of PRR. PRR is based on an annual appraisal of personal performance plus institutional performance against a basket of strategic measures including City's four academic KPIs and three institutional PIs. The maximum award for eligible staff is equivalent to 10% of salary. PRR is determined by the Remuneration Committee following the end of the Financial Year and is awarded in respect of performance in that Financial Year.

The decisions of the Remuneration Committee about PRR taken in October 2017 reflect both the achievement at City in the academic year 2016/17 of four of the seven City-wide indicators used for the determination of PRR - three City-wide indicators were not met in 2016/17 - and the Chair's annual appraisal of the performance of the President. For the year 2016/17 this was that the President had exceeded his objectives. The President was therefore awarded PRR of 7.8% of salary against a maximum total opportunity of 10%.

The President's taxable benefits in kind are for private healthcare.

Employer pension contributions for the President are at the same rate for the President as for other City members of staff. For all members of staff at City, employer contributions to the USS rose from 16% of salary to 18% from October 2016.

The President is both academic leader and Chief Executive. The ratio of the President's salary to the median salary for academic staff illustrates the former role and the ratio of the President's salary to the median salary for all staff illustrates the latter role. These ratios nationally and for City are shown in the table on page 11.

Full details of the President's remuneration since appointment are set out in the table on page 11.

Corporate Governance Statement.....

Academic Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Salary ¹ (£k)	278	280	280	280	294	294	309
Taxable benefits in kind (£k)	0	1	1	1	1	1	1
Performance Related Remuneration PRR ² (£k)	0	0	42 ²	20	16	13	24
Total pay (£k)	278	281	281 ²	301	311	308	334
Pension contribution ³ (£k)	44	22	22	45	47	49	56
Ratio of President's salary to median salary for academic staff							
National ⁴	4.5	4.6	4.6	4.7	4.7	4.9	
City	5	5	5	4.9	5.1	5	5.2
Ratio of President's salary to median salary for all staff							
National ⁴	6.1	6.1	6.2	6.4	6.4	6.5	
City	6.7	6.7	6.5	6.6	6.8	6.7	7

Notes:

1. A salary increase has been awarded twice: 2014/15 (5%) and 2016/17 (5%).
2. PRR was first introduced in 2012/13. The President chose not to take the associated £42k payment.
3. Employer pension contributions are made at the same rate as for other staff and this was 16% to 2015/16 and 18% thereafter.
4. Source for national data: Universities & Colleges Employers Association (UCEA).

Statement of the Responsibilities of City's Council.....

System of Internal Control and Financial Statements

In accordance with City's Charter, City's Council is responsible for the administration and management of City, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time City's financial position and enable it to ensure that the financial statements are prepared in accordance with City's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance & Accountability agreed between the Higher Education Funding Council for England (HEFCE) and City, and the HEFCE annual accounts direction, the Council, through its designated office holder (the President), is required to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of City, and of the surplus or deficit and cash flows for that year. The Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- it is appropriate that financial statements are prepared on the going concern basis, as the Council has satisfied itself that City has adequate resources to continue in operation for the foreseeable future.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance & Accountability of the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard City's assets and prevent and detect fraud;
- secure the economical, efficient and effective management of City's resources and expenditure;

- ensure that there are effective systems of risk identification and management that are based on a clearly articulated policy and approach and are aligned to City's strategic objectives; and
- plan and conduct its financial and academic affairs to ensure that City remains solvent.

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

- definitions of the responsibilities of, and the authority delegated to, Schools and Professional Services;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval levels set by the Council and the President;
- Financial Regulations, detailing financial controls and procedures;
- a professional Internal Audit Service whose annual programme is approved by the Audit and Risk Committee and is endorsed by the Council. The Director of Internal Audit provides the Council with an annual report on internal audit activity within City and an opinion on the adequacy and effectiveness of City's system of internal control, including risk management, corporate governance and value for money; and
- regular academic reviews carried out on behalf of Senate to assure academic quality and standards.

The key elements of City's system of risk identification and management, which is designed to discharge the responsibilities, set out above, includes:

- the integration of planning, risk, KPIs and other performance indicators to provide an efficient reporting and control mechanism;
- the management of risk at strategic, school and project level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;

Statement of the Responsibilities of City's Council.....

- business continuity and emergency management: ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting regularly to Audit and Risk Committee and then to Council on internal control and risk.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, Council has satisfied itself with the adequacy of internal controls.

Prevent Duty

Council is required to provide assurance to HEFCE by 1st December each year that it has discharged effectively its responsibilities under the Prevent Duty.

City's Council approved in November 2016 its Prevent Annual Report and Risk Assessment to HEFCE and authorised signature of the required annual assurance statement to HEFCE for the academic year 2015/16 and up to the date of approval of the Annual Report. This assurance statement relates to having due regard to the Prevent Duty, to the provision of information to HEFCE about the implementation of the Prevent Duty and reporting to HEFCE in a timely way all serious issues relating to the Prevent Duty

Assurance of Academic Quality & Standards

Finally Council is also required to provide an assurance statement to HEFCE by 1st December each year relation to academic quality and standards.

City's Council received and discussed in November 2016 the required report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes. It authorised the signature of the required annual assurance statement to HEFCE for the academic year 2015/16 and up to the date of approval of the assurance statement. This assurance statement relates to the continuous improvement of student educational experience and outcomes at City, the methodologies used to improve the student academic experience and the appropriate setting and maintaining of standard of awards for which City is responsible.

Public Benefit Statement.....

Introduction

City is an exempt charity and the Charity Commission requires that there must be clearly identified benefits related to the aims of the charity and that such benefits must not be unreasonably restricted by ability to pay or other considerations. In preparing this statement the trustees have had regard to this obligation and to the relevant guidance issued by the Charity Commission. The trustees for City are the members of its Council.

City's charitable purpose is to advance education, knowledge, wisdom and understanding by teaching and research, both within the institution and in close association with business and the professions for the benefit of individuals and society at large. City, in pursuing these objects, provides benefits to a wide range of individuals and organisations and this statement offers a summary and some specific examples of such benefits. The beneficiaries include students, both undergraduate and postgraduate, charities and other philanthropic organisations, schools and colleges, the NHS, both local and national government and the local community. City has no connected charities as defined by paragraph 28 (Charities Act 2011, Schedule 3).

Financial Support

City is committed to providing financial support to all our students, allocated on the basis of financial need and academic merit.

Support from the City Hardship Fund has been provided to over 310 students across all disciplines providing financial support to students in hardship, facing homelessness and considering withdrawal from Higher Education. This includes dedicated support for students who have been in Local Authority care or who have become estranged from their families.

City continues to run its undergraduate scholarship and bursary scheme, including the City Undergraduate Care Leavers' Bursary, the Mature Student Bursary, the Accommodation Bursary and the Lord Mayor of London Scholarships for Academic Excellence, which provides up to £3,000 per annum to high achieving students.

Widening Access

City's Access Agreement sets out the many and various ways in which we preserve and expand opportunities for access to the benefits available from our courses. These include outreach work targeted at underrepresented groups in local schools and colleges, mentoring for young people, tutoring, university visits, careers guidance, master classes and early engagement with primary school pupils. Over 7,000 young people from over 125 schools take part in City, University of London's widening participation outreach work annually.

City has made a series of commitments to enhance current provision and develop new activity to support the progression of care leavers to Further and Higher Education and students more widely during enrolment and throughout their studies.

During 2016/17 work was developed to encompass other vulnerable groups within this provision, and we now offer support to young adult carers, another drastically underrepresented group within Higher Education.

In 2016/17 City also took forward an Article 26 Scholarship to provide financial support to students who are asylum seekers (or are their dependant) or who have limited leave to remain. Some of our Article 26 Scholarship recipients may benefit from the pastoral support outlined above. This work was developed in 2016/17, to be implemented in 2017/18.

Widening Participation Outreach

The Widening Participation Outreach team has worked with local schools and colleges to deliver activities designed to promote a fairer society. They have supported over 4,500 young people from underrepresented backgrounds, helping them to make informed decisions about their future, raising aspirations and improving attainment. The intended beneficiaries are from low participation neighbourhoods, low socio-economic groups, children in care or leaving care and those with disabilities.

Early intervention is key to the success of widening participation and we worked with young people from 8 years old up to 18+ delivering programmes and interactions that build year on year developing the skills needed to succeed and progress their education.

During the past year the team has delivered a range of initiatives at City, including week long subject specific university taster weeks, visit days, Masterclasses and our City Snapshot Sixth Form scheme. City Student has mentored sixth formers and provided tutoring in Maths and English in local schools, including COLAI the local Academy City co-sponsor with the City of London. Uniquely, City offers local schools and colleges the services of a qualified Career Advisor who provides independent advice and guidance to pupils aged 10–18 years.

Widening Education Provision

City provides over 360 short courses each year in the subject areas of Business, Computing, Creative Industries, Writing and Languages to around 4,500 students. City prides itself on our excellent links to the professional sector and as a result the skills participants learn are up-to-date, industry relevant and applicable to the real world. Our tutors are experts in their field and bring first hand, specialist knowledge into the classroom environment. Our proximity to the City of London and our close ties with major London employers such as Deutsche Bank and The Guardian Media Group mean that our tutors are selected from some of the UK's best known companies.

Volunteering

City Volunteering supports staff and students to volunteer within the local community by providing an online brokerage service which has around 1,900 current student volunteers and over 500 organisations registered. City's Community Volunteering Officer is an active member of the executive

Public Benefit Statement

committee of the national Student Volunteering Network which organises Student Volunteering Fortnight and Student Volunteering Week as well as sharing best practice across the sector in supporting students in volunteering.

The Community Volunteering service supports students in running their own community initiatives as well as arranging numerous one-off volunteering activities to allow students with limited time to positively impact the local community. City Volunteering has worked with students, staff, local residents and the local council to enhance Northampton Square Gardens, building community links and strengthening student engagement with our physical space. This partnership is expanding further to enhance other local spaces while giving students opportunities to meet local residents and gain practical skills.

The past year saw the continuing growth of The City Law School's free legal advice service for members of the local community in which postgraduate law students work with qualified lawyers to offer free, confidential and independent legal advice. They provide guidance on issues across the whole range of civil law, including personal injury claims, employment, small claims, landlord and tenant disputes and consumer rights. The initiative has enabled those who could not otherwise afford legal advice to receive a high-quality consultation.

Following the tragic fire at Grenfell House, City staff and students assisted with the efforts to process and store donations in Kensington. The Community Volunteering service also coordinated with local organisers in Camden to enable members of staff to volunteer round the clock in support of evacuations on the Chalcots Estate, offering information and support to those leaving their homes.

Research

City undertakes research in a wide range of discipline areas, generating findings that are often of direct benefit to the public and to society. Below are just some examples of significant contributions in 2016/17.

The Cass Pensions Institute has worked on new solutions for stressed defined benefits pension schemes. Professor Lilian de Menezes from Cass collaborated with Cranfield School of Management on research into flexible working, concluding that flexible working increases job satisfaction but it depends on how it was arranged.

Dr Zahera Herb edited a new book, *Reporting the Middle East: The Practice of News in the Twenty-First Century*, arguing that journalists from the UK and US must do more to recognize the diversity between nations in the Middle East.

A new study by researchers from the School of Health Sciences, in collaboration with UCL found that encouraging patients with potential memory issues to visit doctors for advice did not lead to an increase in dementia diagnoses.

Professor Susan Ayers and the Centre for Maternal and Child Health Research showed that between 3% and 4% of women report post-traumatic stress disorder (PTSD) in pregnancy and after birth.

Their review also confirms that perinatal PTSD – which refers to the period before and just after birth – is common enough to be significant public health concern that warrants routine screening and treatment and that PTSD may also increase after birth if not identified and treated.

City of London Academy Islington

Together with the City of London, we co-sponsor the City of London Academy, Islington. We continue to play a key role in the Academy's transformational journey.

The challenges facing the Academy are considerable. Currently, 70% of pupils are "Ever 6" which indicates that they are either currently receiving free school meals or have received free school meals in the last 6 years. This is well over twice the national average of 29%. Over 50% of Academy students speak English as an additional language. The levels of deprivation experienced by students is approximately 2.5 times the national average. Typically students enter the Academy with prior attainment levels significantly below the national average.

The Academy has dramatically improved outcomes for students. This year's GCSE results were very good with 76% of students achieving 5 A*-C passes.

The A level and BTEC results were the strongest ever, with a 100% pass rate and with almost half of the passes at least grade B or the BTEC equivalent.

City, University of London has four places on the Governing Body. Our nominees take lead roles in chairing the Governing Body and its Committees. Ofsted reports have recognised the Governing Body as Outstanding and our Governors are valued for their input and commitment to effective governance. We also offer an imaginative range of partnership activities for the Academy, facilitated by a designated Partnership Officer.

At the core of the partnership activities that City undertakes is a project whereby undergraduate student tutors work with pupils to support learning and help to develop Academy pupils' skills and confidence in Mathematics; and in English. This project also allows the undergraduate students to have an introduction to teaching and encourages them to consider a career in the profession.

The Academy is recognised locally and nationally for the commitment to improving the lives of young people in Islington and serving the local community as a vibrant centre of learning with an unrelenting determination for students to succeed.

Strengthening the Non-Profit Sector

City ensures that non-profit organisations have the same level of access to education and knowledge as the corporate and

Public Benefit Statement.....

public sectors through the work of the Cass Centre for Charity Effectiveness – strengthening non-profit sustainability through a holistic people and finance focus.

Over the past 12 months Cass CCE has delivered over one hundred consulting assignments, focused on strengthening governance, leadership and financial sustainability. Over 3,000 people working in the non-profit sector have been engaged through a programme of over 50 events, professional development courses and MSc programmes. The five MSc programmes remain fully subscribed. Highlights from 2016/17 include:

- Completing year one of a two-year contract to deliver the Baring Foundation and The J Paul Getty Jnr Charitable Trust Leadership Development programme for the social welfare sector;
- Strategic partnerships with Barclays, the FT, UBS and Rathbones to advance knowledge in the non-profit sector in the areas of financial sustainability, governance and charity investment;
- Development of a flagship 'alumni' engagement programme, designed to convene senior leaders in the sector and foster a thriving professional community that can drive the sector forward.

Knowledge Exchange Research projects have included the published 'Social Investment as a new charity finance tool: using both head and heart', a practitioner research report; research commissioned by the Charity Commission and Office for Civil Society to establish greater understanding of the characteristics of contemporary trustees in England and Wales and their awareness (or otherwise) of their responsibilities and duties and a Report on the Value of Royal Patronage.

The School Engagement Programme completed its second year with four schools engaged. The programme, funded for five years from the Sir John Cass Foundation, supports Cass BSc Management students to work with GCSE and A-level pupils helping to boost academic attainment, prepare for higher education and support transition to the world of work.

Environmental sustainability

City has an enduring commitment to improving the contribution it makes to environmental sustainability and are currently ranked 7th nationally in the People & Planet Green League, the UK's only comprehensive and independent green ranking of universities and 1st amongst London universities. Carbon reduction initiatives implemented since 2010 at City have reduced our carbon emissions by 40% compared to our 2005/6 baseline – the standard method for comparing universities.

City's sustainability programme includes a range of measures and City now has three bee hives. The colony is being cultivated by staff under supervision of Urban Bee Keeping. Thanks to projects like this, the UK's bee population has seen

a resurgence. It is hoped that City's hive will produce up to 20kg of honey when it matures next year.

City continues to promote Fairtrade in conjunction with City Students and the Students' Union and in 2016 retained its Fairtrade University accreditation. On-going work included a student led project, delivering Fairtrade workshops in a local primary school.

City's staff environmental engagement programme, Sustainable City Challenge, continues to encourage staff to get involved in various team projects, from raising money for sanitation projects in other parts of the world to knitting for local hospital wards.

CitySport

City's Sport and Leisure department comprises a Sport Development team which has responsibility for liaison with National Governing Bodies to drive participation of activity and an Operations team which oversees the day-to-day running of CitySport.

Over the last full year local support of CitySport has included community sports usage (25% of total gym membership is community based) along with several local sports clubs using our facilities (Black Arrows Badminton, City and Islington College, Cumberland Netball Club, Greenhouse Charity Sports, Islington Council Health and Wellbeing Team School Improvement Service, Sport Inspired). There are several local clubs that use our facilities on an ad hoc basis (e.g. Islington Cycling Club), along with local businesses.

Local Employment and Economic Growth

City students benefit from an extensive programme of extra-curricular enterprise education activities with rapidly developing links to the Tech City start-up environment, with the aims of developing entrepreneurship, fostering start-ups and increasing employability.

City hosts the City Launch Lab, a business incubator providing co-working and meeting space for City startups, enabling them to scale and grow providing economic growth through fund raising and revenue generation in addition to offering employment locally.

City's Unitemps continues to help students secure part-time and temporary work while they study, giving them the opportunity to develop the transferable skills and the ability to articulate these when looking for a graduate position. We are seeing an increasing number of local residents who register with the service to secure part-time work, as well as local small businesses that are keen to use Unitemps to fill their staffing needs.

The Santander Internship & Placement programme provides funding for local companies to recruit final year students and graduates which has benefitted both students and local employers.

Public Benefit Statement.....

In February 2017 City in partnership with Queen Mary hosted a week long Social Enterprise Festival which gave members of the local community free opportunities to learn how to establish their own business with a clear social or environmental mission. Established local social enterprises promoted their goods in a marketplace. Over 600 people attended this innovative event.

Chaplaincy

The multi-faith Chaplaincy Team has worked hard to develop 'City Faith Centre', a suite of rooms to reflect the diverse faith needs of the University Community. This includes dedicated space for Muslim prayer, space for individuals to 'be' and space for student societies and staff/ student groups to hold meetings and events. Our new strap line 'Welcoming every faith, belief and culture' aims to show that the space is not only for people of specified faith, but is for all whatever their faith or belief happens to be. Friday Prayers continue to be a welcome development for our Muslim staff and students and are well attended and we have begun to explore wider relationships in the Community such as with the Islington Faiths Forum.

Community

We continue to hold bi-annual meetings with our neighbours to support better community engagement and listen to ways our residents feel we can build good relations.

City contributes to the local community through shared use of our facilities. For the third year running, local community group, Finsbury and Clerkenwell Volunteers, held a tea dance in the College Building attended by more than 60 elderly local residents at Northampton Square.

City also provided a venue for the Peel Institute, who organised a meeting between the Fire Service, Islington Council and the Police discussing the safety of tower blocks following the Grenfell Tower. This was well-attended by local residents living in tower blocks.

The Community Volunteering team, in collaboration with St Luke's Community Centre, Islington Council and local residents have established a gardening project in Northampton Square, holding regular gardening sessions. As a result, the Square is a vastly improved space for local people to enjoy.

City's *CitySight* Optometry Clinics continue to offer free eye tests and discounted spectacles to the general public.

Independent Auditor's Report to the Council of City, University of London

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City, University of London ("the University") for the year ended 31 July 2017 which comprise the Group and City Statement of Comprehensive Income and Expenditure, the Group and City Statement of Changes in Reserves, the Group and City Balance Sheet, the Group Cash Flow and related notes, including the accounting policies on pages 21 to 42.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2016-17 financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other Information

The Council is responsible for the other information, which comprises the Strategic Review and Corporate Governance Statement and Public Benefit Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit

knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council Responsibilities

As explained more fully in their statement set out on page 20, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on Other Legal and Regulatory Requirements

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

This report is made solely to the Council, in accordance with the Articles, Charters, Statutes or Ordinances of the institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest

Financial Statements for the year ended 31 July 2017

Independent Auditor's Report to the Council of City, University of London.....

extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.



Andrew Sayers
For and on behalf of KPMG LLP. Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

20 November 2017

Statement of Council Responsibilities in Respect of the Strategic Report and the Financial Statements.....

The Council is responsible for preparing the Strategic Report and the financial statements in accordance with the requirements of the Higher Education Funding Council for England's Memorandum of Assurance and Accountability issued by HEFCE and applicable law and regulations.

It is required to prepare group and parent university financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of HEFCE's Accounts Direction to higher education institutions. The council members are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent university and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent university financial statements, the council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the parent university's transactions and disclose with reasonable accuracy at any time the financial position of the parent university and enable it to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. It is responsible for such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council is also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCE may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

Statement of Accounting Policies.....

1 Basis of Preparation

These 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 Financial Reporting Standard (FRS) 102. City is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain Fixed Assets and Investments).

2 Basis of Consolidation

The consolidated financial statements include City, University of London (City) and its subsidiaries, City Foundations Limited and City Entrepreneurship Limited including City, University of London Students' Union, for the financial year ended 31 July 2017. Intra-group sales and profits are eliminated fully on consolidation. Associated companies and joint ventures are accounted for using the equity method.

3 Income Recognition

Income from the sale of goods and services is credited to the Consolidated Statement of Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant Funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which City recognises the related costs for which the grant is intended to compensate. 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.

Grants (including research grants) from non-government sources are recognised in income when City is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when City is entitled to the funds. 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 recognised as income when City is entitled to the funds.

Investment income and appreciation of endowments is recorded as income in the year in which it arises and as either restricted or unrestricted income according to the terms of other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for City's general benefit.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and City has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised as income when City is entitled to the funds subject to any performance related conditions being met.

4 Pension Schemes

The two main pension schemes for City's staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P) Scheme. The Funds are valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities attributable to City members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

Statement of Accounting Policies

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme. This is calculated using an approved sector wide method based on projected changes in salaries and employee numbers, and the return from a high quality corporate bond over the life of the planned repayment period.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company 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 plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, City's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by City. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which City is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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 City. Any unused benefits are accrued and measured as the additional amount City expects to pay as a result of the unused entitlement. Unused annual leave is accrued for as the amount City would have to pay to an employee for untaken holiday if they were to leave on 31 July.

6 Finance Leases

Leases in which City assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease

term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7 Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year-end rates for Balance Sheet purposes. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

9 Fixed Assets

Land and Buildings

Operational land and buildings are stated at cost less depreciation and accumulated impairment losses. Land and buildings that were revalued for the purpose of transition to the 2015 HE SORP, are measured at deemed cost, being the revalued amount at 31 July 2014 on transition to FRS 102.

Costs incurred in relation to operational land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to City.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to 75 years. Leasehold Buildings are depreciated over the life of the lease. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

No depreciation is charged on assets in the course of construction. Once an asset under construction is completed and comes into use, it is transferred to land and buildings.

Residential land and buildings are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. This is in order to reflect a true and fair value of the property. The value of these buildings is considered regularly and depreciation charged on a straight line basis over their expected useful lives of up to 75 years.

Statement of Accounting Policies.....

Equipment

Equipment costing less than £10,000 per individual item, all computer software, all research grant funded and donated equipment is recognised as expenditure. All other equipment or group of related items over £10,000 is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer equipment: between 3 and 5 years

Other equipment: over 5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

10 Investment Properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

11 Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment in City's accounts.

Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

12 Stock

Stock is held at the lower of cost and net realisable value and is measured using an average cost formula.

13 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 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible within 90 days of the balance sheet date to known amounts of cash with insignificant risk of change in value.

14 Provisions

Provisions are recognised when City has a present legal or constructive obligation as a result of a past event, it is probable

that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the obligation.

15 Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to City, are held as a permanently restricted fund which City must hold in perpetuity.

16 Taxation

City is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, City is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

City receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

City's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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 financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

17 Termination Benefits

City has an agreed method for calculating termination benefits. These are expensed in the year when the termination is agreed.

18 Financial Instruments

Financial instruments are accounted for using the provisions of both section 11 and section 12 of FRS 102 in full.

Financial instruments are recognised initially net of any transaction costs. They are then held at amortised cost using the effective interest rate method and are subject to an annual impairment review.

19 Joint venture entities

City accounts for its share of joint ventures using the equity method.

Group and City Statement of Comprehensive Income and Expenditure for the year ended 31 July 2017

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £000	City £000	Group £000	City £000
Income					
Tuition Fees and Education					
Contracts	1	179,663	179,663	169,931	169,931
Funding Body Grants	2	21,917	21,917	21,781	21,781
Research Grants and Contracts	3	11,640	11,640	11,710	11,710
Other Income	4	9,987	10,245	10,268	10,124
Investment Income	5	741	741	474	474
Total Income Before Endowments and Donations		223,948	224,206	214,164	214,020
Donations and Endowments	6	2,753	2,750	3,352	3,352
Total Income		226,701	226,956	217,516	217,372
Expenditure					
Staff Costs	7	128,261	128,146	121,608	121,178
Fundamental Restructuring Costs	7	643	643	1,070	1,070
Movement on Pension Provision and Holiday Accrual	7	2,366	2,366	(2,850)	(2,850)
Other Operating Expenses	9	72,040	72,429	70,804	71,062
Depreciation	11	14,827	14,827	13,067	13,067
Interest and Other Finance Costs	8	3,003	3,003	1,932	1,908
Total Expenditure		221,140	221,414	205,631	205,435
Surplus/(Deficit) Before Other Gains/Losses and Share of Operating Surplus/Deficit of Joint Ventures and Associates		5,561	5,542	11,885	11,937
Gain/(Loss) on Investments		430	430	28	28
Share of Operating Surplus/(Deficit) in Joint Venture	14	523	0	(772)	0
Surplus/(Deficit) for the year - continuing operations		6,487	5,972	11,156	11,965
Surplus/(Deficit) for the year - discontinued operation	10	27	0	(15)	0
Surplus/(Deficit) For The Year		6,514	5,972	11,141	11,965
Unrealised Surplus on Revaluation of Land and Buildings		2,275	2,275	10,341	10,341
Actuarial (Loss)/Gain in Respect of Pension Schemes		5,490	5,490	(14,400)	(14,400)
Total Comprehensive Income for the Year		14,279	13,737	7,082	7,906
Represented by:					
Endowment Comprehensive Income for the Year		95	95	209	209
Restricted Comprehensive Income for the Year		731	731	507	507
Unrestricted Comprehensive Income for the Year		11,178	10,636	(3,975)	(3,151)
Revaluation Reserve Comprehensive Income for the Year		2,275	2,275	10,341	10,341
	20, 21	14,279	13,737	7,082	7,906

The Statement of Comprehensive Income and Expenditure is in respect of continuing activities, except for City University Students' Union which is a discontinued operation. Please refer to note 10.

There is no material difference between the surplus or deficit on a historical cost basis and the result for the year.

Group and City Statement of Changes in Reserves as at 31 July 2017

Group	Income and Expenditure Account			Revaluation Reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	4,871	7,679	37,451	199,877	249,878
Surplus/(Deficit) from the Income and Expenditure Statement	294	3,342	7,505	0	11,141
Other Comprehensive Income	0	0	(14,400)	10,341	(4,059)
Release of Restricted Funds Spent in Year	(85)	(2,835)	2,920	0	0
Total Comprehensive Income for the Year	209	507	(3,975)	10,341	7,082
Balance at 1 August 2016	5,080	8,186	33,476	210,218	256,960
Surplus/(Deficit) from the Income and Expenditure Statement	196	3,163	3,153	0	6,512
Other Comprehensive Income	0	0	5,490	2,275	7,765
Funds introduced from subsidiary	0	0	(13)	0	(13)
Release of Restricted Funds Spent in Year	(101)	(2,434)	2,535	0	0
Total Comprehensive Income for the Year	95	729	11,165	2,275	14,264
Balance at 31 July 2017	5,175	8,915	44,641	212,493	271,224

City	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	4,871	7,679	41,072	199,877	253,499
Surplus/(Deficit) from the Income and Expenditure Statement	294	3,342	8,329	0	11,965
Other Comprehensive Income	0	0	(14,400)	10,341	(4,059)
Release of Restricted Funds Spent in Year	(85)	(2,835)	2,920	0	0
Total Comprehensive Income for the Year	209	507	(3,151)	10,341	7,906
Balance at 1 August 2016	5,080	8,186	37,921	210,218	261,405
Surplus/(Deficit) from the Income and Expenditure Statement	196	3,167	2,609	0	5,972
Other Comprehensive Income	0	0	5,490	2,275	7,765
Adjustment to Prior Year Reserves	0	0	(15)	0	(15)
Release of Restricted Funds Spent in Year	(101)	(2,438)	2,539	0	0
Total Comprehensive Income for the Year	95	729	10,623	2,275	13,722
Balance at 31 July 2017	5,175	8,915	48,544	212,493	275,127

Group and City Balance Sheet as at 31 July 2017

	Note	Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
Non-Current Assets					
Fixed Assets	11	338,825	338,825	329,257	329,257
Investment Properties	12	17,120	17,120	17,765	17,765
Investments	13	15,527	15,527	8,165	8,163
		371,472	371,472	355,187	355,185
Current Assets					
Stock		44	37	56	32
Trade and Other Receivables	15	12,748	12,783	14,910	14,950
Investments	16	17,668	17,668	0	0
Cash and Cash Equivalents	22	76,115	76,116	37,145	37,145
		106,575	106,604	52,111	52,127
Less: Creditors: Amounts Falling Due Within One Year	17	(50,519)	(50,586)	(51,393)	(51,426)
Share of Net Liabilities in Joint Venture	14	(3,942)	0	(4,464)	0
Net Current (Liabilities)/Assets		52,115	56,018	(3,746)	701
Total Assets less Current Liabilities		423,587	427,490	351,441	355,886
Creditors: Amounts Falling Due After More Than One Year	18	(81,452)	(81,452)	(21,672)	(21,672)
Provisions					
Pension Provisions	19	(69,338)	(69,338)	(71,602)	(71,602)
Other Provisions	19	(1,573)	(1,573)	(1,207)	(1,207)
Total Net Assets		271,224	275,127	256,960	261,405
Restricted Reserves					
Income and Expenditure Reserve - Permanently Reserve	20	5,175	5,175	5,080	5,080
Income and Expenditure Reserve - Temporarily Restricted Reserve	21	8,915	8,915	8,186	8,186
Unrestricted Reserves					
Income and Expenditure Reserve - Unrestricted		44,641	48,544	33,476	37,921
Revaluation Reserve		212,493	212,493	210,218	210,218
Total Reserves		271,224	275,127	256,960	261,405

The notes on pages 28 to 42 form part of the financial statements.

The financial statements on pages 24 to 42 were approved by Council on 17 November 2017 and signed on its behalf by:



Mr R Woodward
Chair of Council



Professor Sir P Curran
President

Group Cash Flow for the year ended 31 July 2017

	Notes	2017 £000	2016 £000
Cash Flow from Operating Activities			
Surplus/(Deficit) for the Year		6,514	11,141
Adjustment for Non-Cash Items			
Depreciation	11	14,827	13,067
(Gain) on Investments	20, 21	(430)	(28)
Decrease/(Increase) in Stock		12	24
Decrease/(Increase) in Debtors	15	2,162	(168)
Increase/(Decrease) in Creditors	17, 18	(1,320)	(1,684)
Increase/(Decrease) in Pension Provision	19	3,211	2,348
Increase/(Decrease) in Other Provisions	19	366	1,105
Share of Operating (Surplus)/Deficit in Joint Venture	14	(523)	772
Adjustment for Investing or Financing Activities			
Investment Income	5	(741)	(474)
Interest Payable	8	2,603	1,544
Endowment Income		37	(99)
Capital Grant Income		(1,752)	(1,659)
Net Cash Inflow from Operating Activities		24,966	25,889
Cash Flows from Investing Activities			
Capital Grants Receipts		1,752	1,659
Withdrawal of Deposits	13	0	7,008
Investment Income		741	474
Payments Made to Acquire Fixed Assets		(21,475)	(17,846)
New Non-Current Asset Investments		(6,932)	(1,524)
New Deposits	13	(17,668)	0
		(43,582)	(10,229)
Cash Flows from Financing Activities			
Interest Paid		(2,603)	(1,544)
Endowment Cash Received		(37)	99
New Unsecured Borrowings		60,226	0
	22	57,586	(1,445)
(Decrease)/Increase in Cash and Cash Equivalents in the Year		38,970	14,215
Cash and Cash Equivalents at Beginning of the Year		37,145	22,930
Cash and Cash Equivalents at End of the Year		76,115	37,145

The notes on pages 28 to 42 form part of the financial statements.

Notes to the Accounts for the year ended 31 July 2017

1 Tuition Fees and Education Contracts	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Full Time Home and EU Students	74,581	74,581	68,969	68,969
Full Time International Students	65,262	65,262	61,964	61,964
Part Time Students	12,390	12,390	11,768	11,768
Education Contracts with National Health Service	17,932	17,932	17,293	17,293
Other Tuition Fees	9,498	9,498	9,937	9,937
	179,663	179,663	169,931	169,931
2 Funding Council Grants Receivable from the Higher Education Funding Council for England (HEFCE)	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Recurrent Grant				
Teaching	7,188	7,188	7,295	7,295
Research	10,723	10,723	10,630	10,630
	17,911	17,911	17,925	17,925
Specific Grants				
Higher Education Infrastructure Fund 2	1,927	1,927	1,813	1,813
National Scholarship Programme	0	0	15	15
Other Specific Grants	327	327	369	369
	2,254	2,254	2,197	2,197
Release of Deferred Capital Grants				
Buildings	1,752	1,752	1,659	1,659
	1,752	1,752	1,659	1,659
	21,917	21,917	21,781	21,781
3 Research Grants and Contracts	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Research Councils	2,690	2,690	3,253	3,253
UK Based Charities	1,628	1,628	1,388	1,388
UK Government and Health Authorities	2,167	2,167	2,202	2,202
UK Industry and Commerce	1,173	1,173	1,203	1,203
European Union	3,497	3,497	2,336	2,336
Other Sources	485	485	1,328	1,328
	11,640	11,640	11,710	11,710
4 Other Income	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Catering and Conferences	2,254	2,096	2,210	2,066
Other Services Rendered	3,281	3,281	2,980	2,980
Other Income	4,452	4,868	5,078	5,078
	9,987	10,245	10,268	10,124

Notes to the Accounts for the year ended 31 July 2017

5 Investment Income	Note	Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
Investment Income on Endowments	20	73	73	171	171
Investment Income on restricted Reserves	21	122	122	85	85
Other Investment Income		546	546	218	218
		741	741	474	474

6 Donations and Endowments	Note	Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
New Endowments	20	(37)	(37)	99	99
Donations with Restrictions	21	2,775	2,775	3,253	3,253
Unrestricted Donations		15	12	0	0
		2,753	2,750	3,352	3,352

7 Staff		Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
Staff Costs:					
Salaries		101,913	101,798	98,125	97,695
Social Security Costs		10,751	10,751	9,274	9,274
Pension Costs (Note 26)		15,597	15,597	14,209	14,209
		128,261	128,146	121,608	121,178
Movement on USS Provision		(38)	(38)	310	310
Movement on LPFA Provision		1,641	1,641	518	518
Movement on Holiday Accrual		763	763	(3,678)	(3,678)
		2,366	2,366	(2,850)	(2,850)
Exceptional Restructuring Costs		643	643	1,070	1,070
		131,270	131,155	119,828	119,398

	2017 £000	2016 £000
Emoluments of President, Professor Sir P Curran		
Salary	309	294
Performance Related Remuneration	24	13
Taxable Benefits in Kind	1	1
	334	308
Pension Contributions	56	49
	390	357

The President's pension contributions are deducted from his pensionable salary via salary sacrifice.
The emoluments shown have been independently determined by the Remuneration Committee, including performance related remuneration.

Notes to the Accounts for the year ended 31 July 2017

Remuneration of higher paid staff, excluding employer's pension contributions and restructuring costs

	2017 Number	2016 Number
£100,000 - £110,000	23	32
£110,001 - £120,000	17	17
£120,001 - £130,000	17	13
£130,001 - £140,000	18	12
£140,001 - £150,000	13	8
£150,001 - £160,000	7	4
£160,001 - £170,000	4	8
£170,001 - £180,000	3	2
£180,001 - £190,000	1	1
£190,001 - £200,000	2	2
£200,001 - £210,000	1	0
£210,001 - £220,000	2	1
£220,001 - £230,000	1	4
£230,001 - £240,000	1	1
£240,001 - £250,000	1	0
£250,001 - £260,000	2	1

The above disclosures include one (2016: four) member of staff who joined and one (2016: eleven) member who left part way through the year and would have received remuneration in these bands in a full year.

	2017 £000	2016 £000
Staff restructuring costs payable in respect of higher paid employees.		
These costs are in respect of one (2016: three) staff member	61	182

Average staff numbers - full-time equivalents

	Number	Number
Academic	778	803
Research	119	98
Management and Specialist	1,025	1,031
Technical	9	8
	1,931	1,940

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of City. Staff costs includes compensation paid to key management personnel. Key management personnel are the 7 members of staff (2016: 7) on the Executive Team.

	2017 £000	2016 £000
Key Management Personnel Remuneration, including Pension Contributions	1,358	1,233

Council Members' Expenses

Council members received no remuneration (2016: £nil). Council members' expenses include out-of-pocket travel expenses. Nine of the 23 Council members received out-of-pocket travel reimbursements totaling £4,079 (2016: nine Council members, £5,579) for expenses incurred directly.

8 Interest Payable	Note	Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
Interest on Borrowings		428	428	0	0
Exchange Differences		952	952	412	412
Net Charge on Pension Scheme - USS	26	400	400	388	364
Net Charge on Pension Scheme - LPFA	26	1,223	1,223	1,132	1,132
		3,003	3,003	1,932	1,908

Notes to the Accounts for the year ended 31 July 2017

9 Other Operating Expenses	Group 2017 £000	City 2017 £000	Group 2016 £000	City 2016 £000
Student Bursaries and Fee Remissions	8,893	8,892	8,827	8,835
Payments to Non Contract Staff and Agencies	8,507	8,479	8,085	8,053
Other Expenses	4,597	5,203	5,086	5,606
Books, Periodicals and Subscriptions	6,432	6,432	6,334	6,307
Purchase and Maintenance of Furniture, Equipment and Software	4,809	4,780	5,091	5,040
Rents, Rates and Insurance	9,353	9,353	8,426	8,426
Conference, Travel and Training Costs	5,532	5,511	5,440	5,397
Publicity, Advertising and Staff Recruitment	4,351	4,336	4,380	4,365
Collaborative Partner Payments	2,315	2,315	2,249	2,230
Printing, Postage, Stationery and Telephones	2,429	2,415	2,512	2,499
Repairs and General Maintenance	3,933	3,933	3,710	3,710
Payments for Domestic and Security Contracts	2,848	2,848	2,794	2,794
Heat, Light, Water and Power	2,221	2,221	2,139	2,139
Catering and Conferences Operating Expenses	3,091	3,082	3,077	3,061
Other Professional fees	1,034	998	900	898
External Venue Hire	1,032	980	1,114	1,074
IT & Academic Consumables	569	569	544	544
Auditor's Remuneration in Respect of Other Services	0	0	10	10
Auditor's Remuneration in Respect of Other Audit Assurance Work	17	17	10	10
Auditor's Remuneration in Respect of Group UK Statutory Audits	77	65	76	64
	72,040	72,429	70,804	71,062

The auditor's remuneration in respect of group UK statutory audits includes VAT at 20%. The fee paid directly to KPMG, as the external auditor is £64,000 (2016: £63,000) for the group and £54,000 (2016: £53,000) for City.

10 Discontinued Operation	2017 £000	2016 £000
Income	810	712
Expenditure	(783)	(727)
Surplus/(Deficit) before and after tax	27	(15)

The discontinued operation refers to *City University Students' Union* which has changed from an unincorporated charity to an incorporated charitable company limited by guarantee. The new entity, now called *City, University of London Students' Union*, was incorporated on 23 June 2017 and started trading from 1 August 2017.

These collective changes have resulted in the Students' Union no longer meeting the criteria for being classed as a group entity from 2017/18 onwards. Subsequently, this will be the last year of the Students' Union being incorporated within the Group's accounts.

Notes to the Accounts for the year ended 31 July 2017

11 Tangible Assets - Group and City Cost or Valuation	Freehold Land and Buildings	Assets under construction	Leasehold Buildings	Equipment	Total
	£000	£000	£000	£000	£000
At 1 August 2016	308,309	11,377	20,959	22,349	362,994
Additions	819	15,397	119	5,140	21,475
Transfers	20,653	(20,653)	0	0	0
Revaluation	2,920	0	0	0	2,920
Elimination of fully depreciated items	0	0	0	0	0
At 31 July 2017	332,701	6,121	21,078	27,489	387,389
Depreciation					
At 1 August 2016	14,158	0	7,564	12,015	33,737
Charge for year	8,205	0	1,277	5,345	14,827
Elimination of fully depreciated items	0	0	0	0	0
At 31 July 2017	22,363	0	8,841	17,360	48,564
Net Book Value at 31 July 2017	310,338	6,121	12,237	10,129	338,825
Net Book Value at 31 July 2016	294,151	11,377	13,395	10,334	329,257

A full valuation of City's freehold land and buildings was carried out as at 31 July 2014 by Jones Lang LaSalle Limited, who are an independent company employing RICS qualified staff.

Buildings and equipment that have been funded from Treasury sources amount to £14,277,271 (2016: £14,607,491). In the event that these were to be sold, City would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with HEFCE.

12 Investment Properties	Investment Asset
Cost or Valuation	£000
At 1 August 2016	17,765
Additions	0
Revaluation	(645)
At 31 July 2017	17,120
Net Book Value at 31 July 2017	17,120
Net Book Value at 31 July 2016	17,765

A valuation of City's Investment Property was carried out as at 31 July 2017, by Gerald Eve LLP, who are an independent, external and regulated firm of Chartered Surveyors employing RICS qualified staff. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards (July 2017 edition) ("the Standards") published by the Royal Institution of Chartered Surveyors (RICS) and Financial Reporting Standard 102 and the Statement of Recommended Practice 'Accounting for Further and Higher Education.

Notes to the Accounts for the year ended 31 July 2017**13 Non-Current Investments**

Group	Subsidiary Companies £000	Other Non- Current Asset Investments £000	Total £000
At 1 August 2016	169	7,996	8,165
Additions	0	7,569	7,569
Disposals	0	(187)	(187)
(Losses)/Gains	(1)	(19)	(20)
At 31 July 2017	168	15,359	15,527

City

At 1 August 2016	167	7,996	8163
Additions	0	7,569	7569
Disposals	0	(187)	(187)
Gains	1	(19)	(18)
At 31 July 2017	168	15,359	15,527

Other Non-Current Asset Investments consist of:

	Group and City £000
Endowments	12,347
Bonds relating to Postgraduate Student Loans	1,477
Loan to spinout company	1,535
	15,359

14 Investment in Joint Venture

INTO City LLP is a joint venture between City, through its subsidiary company City Foundations Ltd, and INTO University Partnerships Limited.

A 50% share of the LLP's gross assets and gross liabilities is included in City's Group Balance Sheet and 50% of its net income is reported in City's Statement of Comprehensive Income and Expenditure. INTO City LLP's principal activity is the provision of academic and language courses, primarily to international students, through the operation of an International Student Centre in London. INTO City LLP has a financial year ended 31 July and its results are as follows:

	2017 (Unaudited) £000	2016 £000
Income	9,084	9,386
Profit/(Loss) before and after tax	1,045	(1,544)
Non-Current Assets	413	326
Current Assets	5,315	5,269
	5,728	5,595
Creditors: Amounts Due Within One Year	(11,631)	(11,542)
Creditors: Amounts Due After More Than One Year	(1,980)	(2,980)
	(13,611)	(14,522)
Net Liabilities	(7,883)	(8,927)

The financial and management arrangements of the INTO City LLP joint venture have been reviewed. New agreements were executed on 1 September 2017. The 2016/17 results for INTO City LLP include debt waivers from both parties, which contributed greatly to the joint venture's improved results. The remaining restructuring arrangements which include reduced recharges, loans and capital injections from both partners, will be reflected within the 2017/18 INTO City LLP's accounts. These are expected to ensure the joint venture's future sustainability and a reduction of its built up losses being made over time.

Notes to the Accounts for the year ended 31 July 2017

15 Trade and Other Receivables	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Research Grants Receivables	2,598	2,598	1,882	1,882
Other Trade Receivables	3,940	3,936	5,490	5,485
Other Receivables	305	305	311	311
Prepayments and Accrued Income	5,905	5,905	7,227	7,227
Amounts Due From Subsidiary Companies	0	39	0	45
	12,748	12,783	14,910	14,950

16 Current Investments	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Short Term Deposits	17,668	17,668	0	0
	17,668	17,668	0	0

17 Creditors: Amounts Falling Due Within One Year	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Trade Payables	4,868	4,866	9,522	9,511
Social Security and Other Taxation Payable	4,000	4,000	506	507
Accruals and Deferred Income	39,718	39,688	39,772	39,772
Amounts Due to Subsidiary Companies	0	99	0	42
Other Creditors	1,933	1,933	1,593	1,594
	50,519	50,586	51,393	51,426

Deferred Income

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

	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Research Grants Received on Account	6,352	6,352	3,885	3,885
Grant Income	1,752	1,752	1,659	1,659
	8,104	8,104	5,544	5,544

18 Creditors: Amounts Falling Due After More Than One Year	Group	City	Group	City
	2017	2017	2016	2016
	£000	£000	£000	£000
Deferred Income - 2-5 years	5,427	5,427	5,579	5,579
Deferred Income - more than 5 years	15,799	15,799	16,093	16,093
Unsecured Borrowings	60,226	60,226	0	0
	81,452	81,452	21,672	21,672

Unsecured Borrowings

	Group and City	
	2017	2016
	£000	£000
Unsecured Borrowings are repayable as follows:		
Over 5 years	60,226	0
Unsecured Borrowings repayable by 2047	60,226	0

City's unsecured borrowings relate to funds raised via a private placement with MetLife in May 2017. The funds are repayable over three terms in 2037, 2042 and 2047 and are at fixed interest rates. The weighted average interest rate of the borrowed funds is 2.85% at 31 July 2017 (2016: 0%).

Notes to the Accounts for the year ended 31 July 2017

19 Provisions for Liabilities	Obligation to Fund Deficit on USS Pension £000	Defind Benefit Obligations (Note 26) £000	Total Pension Provisions £000	Other Provisions £000	Total Other £000
At 1 August 2016	23,409	48,193	71,602	1,207	1,207
Utilised in Year	0	(2,626)	(2,626)	(30)	(30)
Additions in 2016/17	362	0	362	396	396
At 31 July 2017	23,771	45,567	69,338	1,573	1,573

City

At 1 August 2016	23,409	48,193	71,602	1,207	1,207
Utilised in Year	0	(2,626)	(2,626)	(30)	(30)
Additions in 2016/17	362	0	362	396	396
At 31 July 2017	23,771	45,567	69,338	1,573	1,573

USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

Other Provisions

This is a provision for the loan to a spinout company as well as a provision for post-employment benefits payable to certain former low paid employees.

Notes to the Accounts for the year ended 31 July 2017

20

Permanently Restricted Reserves - Group and City	Restricted Permanent Reserves	Unrestricted Permanent Reserves	2017 Total	2016 Total
	£000	£000	£000	£000
Balance as at 1 August 2016				
Capital	4,542	189	4,731	4,659
Accumulated Income	318	31	349	212
Total	4,860	220	5,080	4,871
New Endowments	0	(37)	(37)	99
Investment Income	70	3	73	171
Expenditure	(36)	(65)	(101)	(85)
(Decrease)/Increase in Market Value of Investments	154	6	160	24
Total Endowment Comprehensive Income for the Year	188	(93)	95	209
At 31 July 2017	5,048	127	5,175	5,080
Represented by:				
Capital	4,696	125	4,821	4,731
Accumulated Income	352	2	354	349
Total	5,048	127	5,175	5,080
Analysis by Type of Purpose				
Lectureships	2,523	0	2,523	2,417
Scholarships and Bursaries	752	0	752	724
Prize Funds	698	0	698	681
General	1,075	127	1,202	1,258
Total	5,048	127	5,175	5,080
Analysis by Asset				
Current and Non-Current Asset Investments			5,175	5,080
			5,175	5,080

21

Temporarily Restricted Reserves - Group and City	Donations	2017 Total	2016 Total
	£000	£000	£000
Balance as at 1 August 2016	8,186	8,186	7,679
New Donations	2,774	2,774	3,254
Investment Income	122	122	85
Expenditure	(2,436)	(2,436)	(2,835)
(Decrease)/Increase in Market Value of Investments	269	269	3
Total Restricted Comprehensive Income for the Year	729	729	507
At 31 July 2017	8,915	8,915	8,186
Analysis by Type of Purpose			
Arts Campaign		101	44
Lectureships		439	506
Scholarships and Bursaries		1,255	1,259
Research Support		4,944	4,598
Prize Funds		280	267
General		1,896	1,512
		8,915	8,186

Notes to the Accounts for the year ended 31 July 2017

22 Cash and Cash Equivalents	At 1 August		At 31 July
	2016	Cashflows	2017
Group:	£000	£000	£000
Cash at Bank	7,683	(2,577)	5,106
Cash Equivalents	29,462	41,547	71,009
	37,145	38,970	76,115

23 Capital and Other Commitments	Group and City	
Provision has not been made for the following capital commitments at 31 July	2017	2016
	£000	£000
Expenditure Authorised and Contracted for	3,693	7,630
Expenditure Authorised but not Contracted for	61,520	3,992
	65,213	11,622

24 Lease Obligations	Land and Buildings	Plant and Machinery	2017 Total	2016 Total
	£000	£000	£000	£000
Payable During the Year	4,112	561	4,673	4,672
Future Minimum Lease Payments Due:				
Not Later Than One Year	4,112	561	4,673	4,672
Later Than One Year and Not Later Than Five Years	14,606	1,122	15,728	15,592
Later Than Five Years	38,093	0	38,093	20,111
Total Lease Payments Due	56,811	1,683	58,494	40,375

	Land and Buildings	Plant and Machinery	2017 Total	2016 Total
	£000	£000	£000	£000
Receivable During the Year	585	0	585	536
Future Minimum Lease Payments Due:				
Not Later Than One Year	585	0	585	585
Later Than One Year and Not Later Than Five Years	0	0	0	2,340
Later Than Five Years	0	0	0	2,340
Total Lease Payments Due	585	0	585	5,265

25 Related Party Transactions

During the year ended 31 July 2017 City had transactions with a number of organisations which fell within the definition of Related Parties under FRS102. Transactions are disclosed where members of Council and other senior members of staff disclose an interest in a body with which City undertakes transactions which are considered material to City's financial statements and/or the other party. Due to the nature of City's operations and the composition of Council it is inevitable that transactions in the normal course of business will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with City's financial regulations and normal procurement procedures. City has taken advantage of the exemption under FRS102 not to disclose transactions with other members of its group who qualify as related parties

Included in the financial statements are the following transactions between City and related parties where a member of City or senior officer was also a director or trustee of the related party.

Notes to the Accounts for the year ended 31 July 2017

	Income/(Expenditure)		Debtor/(Creditor) balance	
	2017	2016	2017	2016
	£000	£000	£000	£000
Group Investments				
City Occupational Ltd	0	3	0	6
City University London Students' Union	(649)	(557)	(99)	(40)
Heliex Power Ltd	158	739	404	0
- of which bad debts provided for	(44)	0	(44)	0
INTO	(80)	(92)	211	398
- of which bad debts provided for	(48)	397	(5)	(397)
Thomson Screening Solution Ltd	0	34	45	46
- of which bad debts provided for	0	(21)	(45)	(21)

Relationships with Council Members

Arts & Humanities Research Council	0	(24)	0	0
British Psychological Society	(13)	(1)	0	0
Chartered Institute of Personnel and Development	(6)	(5)	0	0
Cranfield University	(34)	(9)	(5)	0
Department of Health	6	0	0	0
DLA Piper UK LLP	(35)	(31)	(3)	0
Euclid Network	1	0	0	0
Homerton Hospital NHS Foundation Trust	(29)	(14)	7	0
- of which bad debts provided for	(7)	0	(7)	0
London First	(12)	(9)	0	0
OFCOM	3	0	0	0
The Conversation	1	2	0	0
The Leadership Foundation for Higher Education	(47)	(67)	0	(16)
Royal College of Physicians	0	0	2	0
Transport for London	438	773	64	320
UCL Hospital NHS Foundation Trust	(73)	(104)	(13)	0
University College London	26	(66)	11	(42)
University and Colleges Employers Association	(12)	(12)	0	0
University of Cambridge	(18)	(14)	0	0
University of Southampton	(8)	(5)	0	0
Wolfson Foundation	1	0	0	0
Worshipful Company of Goldsmiths	3	0	0	0

Relationships with other Senior Executives who are not on Council but in attendance

Academy of Social Sciences	(2)	0	0	0
City of London Academy Islington	(55)	0	0	0
Elsevier	(274)	(334)	0	0
Girls Day School Trust	22	0	9	0
HEFCE	20,165	20,122	0	0
Oxford University Press	(224)	(219)	(5)	(8)
Royal Society	(12)	0	(4)	0
Royal Statistical Society	(2)	0	0	0
Sage Publications	(41)	(40)	(1)	(30)
Sengenla	(16)	(59)	0	0
The Royal Academy of Engineering	15	2	(1)	0
Universities HR Executive	0	(1)	0	0

Notes to the Accounts for the year ended 31 July 2017**26 Pension Schemes**

The two pension schemes for City staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The assets of the Schemes are held in separate trustee administered funds. The Schemes are defined benefit schemes, which are externally funded and are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. USS provides benefits to academic and related employees of all 'old' UK Universities and some other employers based on career average salary for earnings after 1 October 2016 and a hybrid of career average salary and final pensionable salary for earnings before this date. LPFA provides similar benefits for other staff of City. The pension costs are assessed using the projected unit method.

Universities Superannuation SchemeSignificant accounting policies

The institution participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as

Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the income and expenditure account is £13,272,237 (2016: £11,997,355) as shown in note 9. The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

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

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

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

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension Increases (CPI)	2.41%	2.2%

Notes to the Accounts for the year ended 31 July 2017

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

Male members' mortality – 98% of S1NA ["light"] YoB tables – No age rating

Female members' mortality – 99% of S1NA ["light"] YoB tables – rated down 1 year

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

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

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

Notes to the Accounts for the year ended 31 July 2017**London Pensions Fund Authority Scheme**

LPFA maintains a rate per institution related to assets and liabilities accruing to each individual institution. In order to comply with the requirements of Financial Reporting Standard 102, the following additional information is disclosed in relation to the LPFA scheme.

Financial Assumptions as at	31 July 2017	31 July 2016
	% per annum	% per annum
Price increases - Retail Prices Index	3.6	3.1
Price increases - Consumer Prices Index	2.7	2.2
Salary increases	4.2	4.0
Pension increases	2.7	2.2
Discount rate	2.7	2.6

Mortality

The assumed life expectations from age 65 are:

	Males	Females
Current Pensioners	20.9 years	24.1 years
Future Pensioners	23.2 years	26.4 years

The assets of the LPFA scheme were:

	Assets at 31 July 2017		Assets at 31 July 2016	
	£000	%	£000	%
Equities	36,894	61	25,936	51
Target return portfolio	12,484	21	12,259	24
Cash	4,172	7	2,097	4
LDI/Cashflow matching	0	n/a	4,406	9
Infrastructure	2,712	5	3,562	7
Commodities	0	n/a	270	1
Property	3,919	7	1,885	4
Total	60,181	100	50,415	100

Analysis of the amount shown in the Balance Sheet	31 July 2017	31 July 2016	31 July 2015
	£000	£000	£000
Present Value of Defined Benefit Obligation	105,748	98,608	79,622
Fair Value of Fund Assets	60,181	50,415	47,479
Net Defined Benefit Liability	45,567	48,193	32,143

Revenue account costs

Analysis of the amounts recognised in the Statement of Comprehensive Income	31 July 2017	31 July 2016
	£000	£000
Service Cost	3,956	2,702
Net Interest on the Defined Liability	1,223	1,180
Administration Expenses	66	71
Total Operating Charge	5,245	3,953

Notes to the Accounts for the year ended 31 July 2017

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	31 July 2017	31 July 2016
	£000	£000
At 1 August	98,608	79,622
Current Service Cost	3,956	2,702
Interest Cost	2,551	2,993
Changes in Financial Assumptions	8,285	15,008
Changes in Demographic Assumptions	(1,625)	0
Experience Gain on Defined Benefit Obligation	(5,037)	0
Estimated Benefits Paid Net of Transfers In	(1,856)	(2,491)
Contributions by Scheme Participants and Other Employers	866	774
At 31 July	105,748	98,608

Reconciliation of opening & closing balances of the fair value of fund assets	31 July 2017	31 July 2016
	£000	£000
At 1 August	50,415	47,479
Interest on Assets	1,328	1,813
Return on Assets Less Interest	6,419	727
Other Actuarial Gains	760	0
Administration Expenses	(66)	(71)
Contributions by Employer including Unfunded	2,315	2,184
Contributions by Scheme Participants and Other Employers	866	774
Estimated Benefits Paid Plus Unfunded Net of Transfers In	(1,856)	(2,491)
At 31 July	60,181	50,415

Projected Pension Expense for the year to 31 July 2018

	Year to 31 July 2018
	£000
Service cost	5,016
Net interest of the defined liability (asset)	1,199
Administration expenses	78
Total loss	6,293

Employer contributions	2,325
------------------------	-------

