



CITY
UNIVERSITY OF LONDON
— EST 1894 —

Annual Report and Financial Statements

for the year ended 31st July 2020

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Strategic report

Our strategic objectives

City's *Vision & Strategy 2026* sets out our ambition for the future.

City, University of London: a leading global university committed to academic excellence, focused on business and the professions and located in the heart of London.

We have three strategic objectives to guide us on our journey:

Maintain quality trajectory ("better")

Achieve growth in a way which maintains quality ("bigger")

Leverage partnerships

Progress towards strategic objectives

Progress against our milestones in *Vision and Strategy 2026* has been slower than expected in 2019/20, primarily due to the need to refocus efforts on meeting the significant operational challenges posed by Covid-19.

The new national Graduate Outcomes Survey, which replaced the Destinations of Leavers survey, placed us 39th in the UK for the employability of our graduates 15 months after graduation, an improvement of over 30 places. We continue to see improvements in our research performance with our internal assessment of the quality of City's research output showing that over half of City's total academic staff are producing world-leading (4*) or internationally excellent (3*) research.

City has also continued to grow, maintaining our strong performance in recruiting within London, from the EU and internationally. We continue to review and restructure our curricula to meet better the needs of students and employers, for example in Engineering, Business and Management. City receives over 24,000 applications for its undergraduate courses and is 12th in the UK for applications per place, indicating its popularity among prospective students.

We are proud of our international outlook and ability to attract well-qualified students from overseas, particularly to our postgraduate programmes. Our membership of the University of London is creating new opportunities for partnership and innovation and we continue to explore how we can build on this foundation.

Our values

Central to the achievement of our strategic objectives are the people at City: our staff, our students and our partners. The City values describe how we will work towards our shared goals:

Ambitious

A place where people seek new challenges and go the extra mile.

Collaborative

A place where successes are shared and problems are solved by working together for the common good.

A community

A place where people have pride in their institution, are respectful, know and are concerned for each other.

Diverse and inclusive

A place where diversity is a strength and inclusiveness is promoted proactively.

Institutionally self-confident

A place that knows its strengths and is open about and strives to address its weaknesses.

How City creates value

For students, we educate future citizens to participate and contribute to the best of their ability and achieve fulfilment in life and work. For society and the economy, we advance knowledge and capability. In partnership with others, we put our intellectual and social capital to productive use. For business and the professions, we educate future leaders and colleagues who will undertake key roles in areas such as Leadership and Management, Law, Nursing, Computing, Engineering and Journalism. For the environment we lead the way in sustainability and are responsible stewards of the natural resources we use. For our community we reach out locally and globally, building links and sharing expertise so that our resources and knowledge can benefit others.

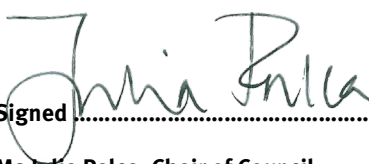
Our Public Benefit Statement explains more about the value we create and the benefits it provides a wide range of individuals and organisations, including students, schools and colleges, the NHS, charitable and commercial organisations, local and national Government and our neighbours in the heart of London.



Signed

Professor Sir Paul Curran, President

Date ...14th December 2020.....



Signed

Ms Julia Palca, Chair of Council

Date ...14th December 2020.....

Public benefit statement

Our students

We believe that every student with the ability to do so should consider progression to university as an attainable option regardless of social, ethnic or financial background.

International students (representing some 160 countries) and students from backgrounds under-represented in higher education form large parts of our annual undergraduate cohorts.

We are committed to improving how we demonstrate value for money to our students, in line with the requirements of the Office for Students (OfS). City has initiated new governance arrangements, to include the Students' Union and the implementation of a framework to ensure we embed and celebrate the value we add to students' journeys with us.

Undergraduate students

Of our UK undergraduate students, 71 per cent come from under-represented groups in higher education (known as Widening Participation students). In 2019/20 the Widening Participation Outreach team engaged with over 3,500 young people to encourage under-represented groups to access and succeed in higher education. This was prior to school closures resulting from the Covid-19 pandemic.

Through early engagement, we provide practical support and learning for students through the full educational life cycle, from primary school to transition to higher education, all underpinned by our attainment-raising tutoring programmes in Mathematics and English.

Our campus visits and Spotlight days introduce university study for primary school pupils. Key Stage 3 and 4 taster weeks develop a broader understanding of subject areas and this knowledge is further developed at Key Stage 5 through Masterclasses. The information, advice and guidance delivered by our Widening Participation Careers Advisers ensure future decisions are considered and realistic. We continue to support the transition to higher education through Start@City, a two-day support programme for Widening Participation students starting their studies at City.

The Widening Participation Outreach team's response to Covid-19, school closures and extended social distancing consist of:

- Provision of physical learning resources and stationery to those most impacted by digital poverty, distributed via schools and food banks. A total of 400 packs from early years to Key Stage 3 were distributed in June and July 2020
- Development of a Widening Participation Outreach Blog as a single source of accessible learning and information about higher education. Nearly 1,000 users viewed 57 posts between May and August 2020
- Working in partnership with schools and colleges to deliver remote and online careers advice and information activities direct to learners. Over 700 Widening Participation students took part to July 2020.

We provide individual support for care leavers to help them to make the transition to university life, support them during study and help prepare them for life after graduation. The support extends to other vulnerable groups including students who are estranged from their families, those with unpaid caring responsibilities and refugees and asylum seekers.

We offer three Sanctuary Scholarships to enable applicants who are refugees and asylum seekers in the UK to access undergraduate programmes. They provide a full tuition fee waiver and a grant of £13,510 (for up to three years) per year of study to cover living expenses. We are proud to support equal access to university for refugees and asylum seekers in the UK.

In 2019/20, support from the Hardship Fund was provided to approximately 300 students across all disciplines. The Fund provides financial assistance to students who have met unforeseen financial hardship during their studies. We also added an additional £400,000 to create a Covid-19 emergency hardship fund, which students could access in support of exceptional costs, including contributions to IT.

Our undergraduate bursary and scholarship schemes include the City Cares Bursary, City Education Grant, President's International Scholarship and the Lord Mayor of London Scholarships for Academic Excellence.

Postgraduate students

With 45 per cent of City students studying taught postgraduate degrees, we provide a 'passport to the professions'. We offer over 150 taught postgraduate degrees, each developed by academic staff who are experts in their fields and who possess an in-depth understanding of the graduate employment marketplace. We have more than 500 research postgraduate students, who contribute to our vibrant academic community.

Our people

We support staff and students to develop in ways that extend far beyond their academic and professional roles.

The Community Volunteering Service supports students in running community initiatives as well as arranging one-off volunteering opportunities for students with limited time. Over the years, our staff have worked with students, local residents and the local council to build community links and strengthen student engagement with our local area.

The Community Volunteering Service also supports and mentors pan-London student organisations such as Public Interest Environmental Law UK (PIEL UK) which is led by students from City and other University of London institutions. They plan and host an annual conference, historically at the Business School (formerly Cass). Speakers have featured from major law firms, global environmental organisations and the United Nations. Because of the global pandemic, this year's conference became virtual and was hosted online. It has expanded toward the production of environmental law-themed podcasts by the student committee.

This academic year has brought new challenges for volunteering, with social distancing requirements and dramatic cuts to the income of many charities, resulting in some being forced to close. Activity has taken place in the second half of the year to rework our activities. We have taken care to ensure students and staff are empowered to continue safely their efforts to support the community while enhancing their employability and career skills.

In the early stages of the pandemic, we re-evaluated existing volunteering opportunities and organisations to ensure they were either online or making use of appropriate social distancing measures. We encouraged students to engage with regional Covid-19 Mutual Aid UK groups, the British Red Cross Community Reserve Volunteers and the United Nations Online Volunteering corps in support of the UN Sustainable Development Goals.

City is now supporting other UK higher education institutions with regard to best practice in risk management and online delivery of volunteering opportunities, through our continued membership of the UK Student Volunteering Network.

Our staff can request up to two days per year to take part in volunteering activities. Our recent update and expansion of the staff volunteering programme has enabled colleagues across the institution to take up a variety of volunteer roles in charities near their homes as well as within our local community.

Equality, Diversity and Inclusion

We recently launched our new Equality, Diversity and Inclusion (EDI) Strategy 2020 to 2026.

It was developed through consultation with staff and students and sets out our vision to provide an environment and culture that is truly inclusive, where staff and students have a sense of belonging; feel valued for who they are; and are supported to be the best they can be. The Strategy focuses on four key areas: race, disability, sexual orientation and gender but also recognises intersectionality with all protected-characteristic groups. Implementation will proceed through a three-year delivery plan overseen by our EDI Committee who will set actions and priorities and monitor progress.

We hold an Athena Swan Bronze Award which recognises our commitment to tackling issues related to gender equality. All five Schools have self-assessment teams and are at various stages of their Athena Swan journeys, with both the School of Health Sciences and the School of Mathematics, Computer Science & Engineering holding Bronze Level Athena Swan awards. The City Law School, the School of Arts and Social Sciences and the Business School (formerly Cass) will be submitting applications for Bronze awards in November 2020 and April 2021. We continue to demonstrate our commitment to race and disability equality through the use of the frameworks Race Equality Charter and Disability Confident. In 2020 we became Stonewall Diversity Champions demonstrating City's commitment to its lesbian, gay, bi-sexual and transgender (LGBT+) staff and student community.

The City Faith Centre facilities have proved invaluable for our student faith societies who have held many regular and one-off events in the Multi-Faith Room. The Centre has also provided a focus for events to celebrate community, such as the 'We Stand Together' event, a moment to celebrate the diverse nature of City, in direct contrast and challenge to an externally-planned day highlighted on social media designed to spread Islamophobia.

Our staff and students run equality, diversity and inclusion networks which have open membership.

Community

Providing a sense of community, both internally and externally, is one of our values.

Our developing Civic Engagement Strategy ensures a coordinated and strategic approach to community engagement to maximise our positive contribution to the local area and London as a whole. Building on our charitable roots, we work with and for our vibrant and diverse communities to create and share knowledge and skills, strengthen and connect partnerships and enable opportunities to enrich and transform lives.

The Strategy is being developed in collaboration with local partners and stakeholders, as well as through extensive consultation with staff and the Students' Union. There is a growing recognition of the connection between universities and their local communities and there are several examples of activity across City with a positive community benefit.

The importance of the connection has been made even more apparent by the Covid-19 pandemic. Our staff and students from across disciplines and expertise have made positive, enthusiastic and selfless contributions to support the national, regional and local efforts to combat the outbreak and its effects.

Our activities as a result of Covid-19 can be grouped according to staff and student strengths and what we identified as key priorities during the response and mitigation phases: health and social care; research and enterprise; volunteering and community support; and academic comment.

Many staff and students entered the NHS workforce while others established a volunteer 'conversation buddy' scheme to support people with a communication disability who were isolated at home.

Academic staff in a variety of fields have undertaken research relating to the pandemic, such as a study into how personality types might affect self-isolating and a project informing the police approach to the apparent surge in domestic violence and abuse triggered by the lockdown.

Our experts have commented and provided advice to national bodies and the media throughout the pandemic on topics including examining the psychological effects of social isolation and producing a new model into pooling Intensive Care Unit (ICU) facilities to improve care for Covid-19 patients.

Other civic engagement activities have continued throughout the year. We have worked with Islington Council to identify key priorities for the borough and how we can use our strengths and expertise to help address some of the challenges and those of the City of London, in which some of our campus is located.

We continue to support Islington Council's 11by11 initiative: a pledge to give Islington-educated young people access to 11 culturally enriching experiences by Year 11. Through the initiative our Schools can promote their free public events to local schools as well as to the general public. Our executive staff form part of several strategic and operational committees with the Council, including the Upward Bound programme which is run in collaboration with London Metropolitan University and aims to raise attainment and aspirations for young people attending Islington secondary schools. Staff and student volunteers continue to mentor pupils in local schools and take part in reading clubs to support literacy.

We continue to hold a bi-annual Residents' Forum which informs our neighbours on key activities and developments at City and listens to feedback and addresses any queries or concerns. To ensure we could provide such updates and listen to feedback and concerns during current circumstances, the Forum was held online for the first time in July 2020. We captured the comments and priorities discussed and will investigate them through our complaints handling procedure. Agreed actions will be incorporated into our community engagement activities. We are also a member of the Safer Neighbourhood Panel, comprising local organisations, residents and the Metropolitan Police to discuss local concerns.

Our staff and students are encouraged to contribute to other activities which benefit the local community. Although the focus during much of 2020 has been in response to Covid-19, participation in local initiatives continues. Our meeting rooms are available free-of-charge for local community groups and a local charity, The Peel Institute, an organisation working to build a more cohesive community in Clerkenwell, has made use of them. Our facilities at CitySport are also used by local groups including Greenhouse Sports, City and Islington College and Access2Sport.

Among the free services open to members of the public is the CitySight clinic provided by the Optometry staff and students. It offers free eye and contact lens tests to the community, as well as specialist clinics for children, contact lenses, binocular vision problems, specific learning difficulties, visual impairment and colour vision defects. Optometry students also volunteer at clinics for homeless people and Crisis at Christmas eye clinics. The new City Law School Building will have a dedicated space for the Law Clinics, providing free legal advice to members of the community.

Sustainable City

We are ranked first in London and fifth in the UK in the People and Planet University League, the UK's only comprehensive and independent green ranking of universities.

Following the President and Students' Union President signing the Sustainable Development Goals (SDGs) Accord last year, we have continued to embed sustainability within City through initiatives covering a variety of environmental and social issues, with a focus on the SDGs. We submitted to the second global Times Higher Education University Impact Rankings, across several of the SDGs: SDG 3 – Good Health and Well-being (top 200 ranking); SDG 5 – Gender Equality (top 200); SDG 8 – Decent Work and Economic Growth (top 200); SDG 10 – Reduced Inequalities (47th); SDG 12 – Responsible Production and Consumption (46th); SDG 13 – Climate Action (top 200); and SDG 17 – Partnerships for the Goals (top 200). This year, we submitted to the overall ranking for the first time and achieved a place in the top 200 of 766 institutions.

We have provided successful sustainability opportunities for students throughout the year. We developed and hosted the second London Student Sustainability Conference, an opportunity for University of London students to present their research relating to SDG themes to other students, staff and the public. The GreenSpark Enterprise competition won the Enterprise category for a large institution at the UK and Ireland Green Gown Award 2019.

We have also supported students in undertaking their own sustainability projects, both on campus and online. Examples include recording a podcast series focusing on sustainability issues affecting students; establishing a student Bee Society; and creating online content and a short film exploring issues related to Goal 12 – Responsible Consumption and Production and the fashion industry.

Our staff environmental engagement programme, Sustainable City Challenge, continues to develop and encourage staff to contribute to various team projects and participate in organisation-wide activities, from organising a public Wrap Up London collection point to community gardening events. The programme won the Employee Engagement award at the Camden and Islington Sustainability Awards.

The Walled Garden, our student and staff community garden, provides an opportunity for volunteers to learn new skills, boost their well-being and support biodiversity on campus. The staff and student Bee team continues to be active and our beehives have been thriving on campus since 2015. This year, for the first time, we opened our honey harvesting event to the public, an opportunity to educate and engage with local residents.

City of London Academy, Islington

Together with the City of London Corporation, we co-sponsor the City of London Academy, Islington (COLAI).

City nominates four Governors to the Academy, Professor Richard Verrall from the Business School (formerly Cass), who serves as Chair; Marion O'Hara, City's Deputy Chief Financial Officer who chairs the COLAI Finance Committee; Ronald Zeghibe, a member of the University Council and entrepreneur; and Lady Curran, wife of City President Professor Sir Paul Curran and a former teacher, who chairs the COLAI Curriculum and Community Committee. All our Governors play a leading role in the governance and life of the Academy.

Our relationship with the Academy extends throughout City. Undergraduate student tutors work with pupils to support learning and to develop skills and confidence in Mathematics and English. In return, undergraduates gain an introduction to teaching which may encourage them to consider a career in the profession. We also extend the tutoring scheme to all target schools.

Research highlights

Our research seeks first to make an impact in its field and then across broader society. Publication in leading journals and article citations mark the emerging influence of work within the academic community and our assessment of impact traces the wider influence of the work of our academics.

This year staff from across City have published in some of the world's leading general and discipline-based journals. Our academics have 20 articles in the top 50 global journals and nearly 50 articles in the top 100 journals. Articles have been published in *The Lancet*, *Science*, journals in the *Nature* group, the *New England Journal of Medicine* and the *Journal of Finance*. The following selection of articles demonstrate the breadth and quality of research undertaken at City.

Academics in the Centre for Food Policy, working with researchers in the US and those based at the World Health Organisation (WHO), had the following article published in *The Lancet* in early 2020, 'Double-duty actions: seizing programme and policy opportunities to address malnutrition in all its forms'. This paper identifies ten double-duty actions that have strong potential to reduce the risk of both undernutrition, obesity and diet-related non-communicable diseases (DR-NCDs). The research found that undernutrition, obesity and DR-NCDs are intrinsically linked through early-life nutrition, diet diversity, food environments and socioeconomic factors. This evidence is used to develop a framework to guide the design of double-duty approaches and strategies and defines the first steps needed to deliver them.

Academics from the Accounting Department in the Business School (formerly Cass) published in the *Journal of Finance* in late 2019. Their work looks at inconsistencies in treatment of the market-to-value and value-to-book component. Existing results linking market-to-book to operating leverage, duration, exposure to investment-specific technology shocks and analysts' risk ratings derive from the unpriced value-to-book component. In contrast, results on expectation errors, limits to arbitrage and certain types of cash flow risk and consumption risk exposure are due to the market-to-value component. Evidence from this work casts doubt on several value premium theories.

Dr Bunce of the Journalism Department's work looks at the tension between 'profit motivations' of a news outlet and the 'professional values' of the journalists in her article 'Management and resistance in the digital newsroom', published in *Journalism*. Questions of managerial influence and journalistic autonomy are of interest to media scholars. This article presents an ethnographic case study of a Reuters newswire bureau during a time of conflict between the management and journalists. The article outlines the strategies that management used to incentivise their journalists to change their reporting priorities.

Dr Stumpf from the Computer Science Department collaborated with partners in the US to examine the importance of explainability in the context of artificial intelligence (AI). Their joint article 'XAI – Explainable Artificial Intelligence' addresses the issues thrown up by successes in machine learning which led to a new wave of AI applications offering extensive benefits to a diverse range of fields. However, many of these systems are not able to explain their autonomous decisions and actions to human users. Explanations may not be essential for certain AI applications. However, for many critical applications in defence, medicine, finance and law, explanations are essential for users to understand, trust and effectively manage these new, artificially intelligent partners. The purpose of an explainable AI (XAI) system is to make its behaviour more intelligible to humans by providing explanations.

Public benefit statement

Dr Ahmed in The City Law School looks at the effects on anti-discrimination protection as a result of Brexit in his article published in the *European Law Review*, 'Brexit, Discrimination and EU (Legal) Tools'. The EU is premised upon a project of inclusion: in this regard, it commits itself and its Member States to the acceptance and tolerance of all members of the Union and their citizens and residents. Brexit brought to the fore not only acts of discrimination against EU citizens and others seen to be outsiders in the UK, but also emphasised the existence of strong underlying sentiments of discrimination against them. EU legal tools of anti-discrimination and equality focus primarily on tackling visible individual "acts" of discrimination, leaving almost untouched concerns of underlying "sentiments" of discrimination, like those seen in the UK during this period. While the example of the UK and Brexit is used in this article, discrimination of this nature is a Europe-wide concern and the tools traditionally used are shown to be less effective.

Dr McManus of the Department of Psychology and the Violence and Society research centre is part of a team which published an article in *The Lancet Psychiatry*, 'Mental health before and during the COVID-19 pandemic: a longitudinal probability sample survey of the UK population'. The potential impact of the Covid-19 pandemic on population mental health is of global concern. The team examined changes in adult mental health in the UK population before and during the lockdown. Findings showed that population prevalence of clinically significant levels of mental distress rose from 18.9 per cent in 2018/19 to 27.3 per cent in April 2020, just one month into the first UK lockdown. These increases were greatest in 18 to 24-year-olds, 25 to 34-year-olds, women and people living with young children. The team conclude that by late April 2020, mental health in the UK had deteriorated compared with pre-Covid-19 trends. Policies emphasising the needs of women, young people and those with preschool aged children will need to play an important part in preventing future mental illness.

Enterprise activities and knowledge sharing

We continue to expand our knowledge transfer and entrepreneurial activities, building on the academic excellence of our academic staff and the expertise of professional staff in our Research & Enterprise Office.

CityVentures focusses on student entrepreneurship. It comprises services and facilities that help student start-ups, provide access to funding and help students build the relationships necessary to launch their new ventures. Through our range of bespoke programmes, events and services we aim to help students, graduates and the local start-up community to start, launch and scale business ventures to achieve success and create change. We work closely with the London Borough of Islington to develop incubator space for a wide range of business start-ups by building on our experience with the City Launch Lab, our own incubating and co-working space, which has more than 60 companies in residence.

This year we provided rapid response support to local entrepreneurs and start-ups by creating a new fund for start-up businesses to re-think their business models in light of the global Covid-19 pandemic and to build in resilience into their business planning.

Charitable status

We are an exempt charity under the terms of the Charities Act 1993. Our 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.

Trade Union Facility Time for the period 1st April 2019 to 31st March 2020

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require us to publish information on Trade Union Facility Time annually. The following table covers the reporting period from 1st April 2019 to 31st March 2020.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
13	10.7
Percentage of time spent on facility time	Number of employees
0%	0
1-50%	11
51%-99%	2
100%	0
Total cost of facility time	£192,896
Total pay bill	£145,859,543
Percentage of total pay bill spent on facility time	0.13%
Hours spent on paid facility time	7,098
Hours spent on paid trade union activities	0
% of total paid facility time hours spent on paid trade union activities	0%

Fundraising

We fundraise to support our activities, particularly to fund student support, to further research and enterprise and to support our charitable objectives. We employ a fundraising team and adhere both to the Fundraising Code of Practice and the Principles of Practice for Fundraising Professionals at Educational Institutions approved by the Council for Advancement and Support of Education's Board of Trustees in July 2014. They set out ethical principles of personal integrity, confidentiality and public trust. We fundraise from individuals, the majority of whom are alumni, along with trusts, foundations and companies whose aims and objectives align with ours. We use a combination of personal approaches, tailored applications and a telephone fundraising campaign which is usually undertaken twice a year. This year, due to Covid-19, the telephone fundraising campaign took place once in the autumn. During the campaign, students are employed to make telephone calls to alumni to fundraise. We take care to ensure the campaign is not unreasonably intrusive or persistent. No direct mail was undertaken this year. There were no formal complaints regarding fundraising at City.

This year the total income from donations and legacies was £3.36M. The Covid-19 pandemic meant that our second planned telephone fundraising campaign was unable to take place and affected several donors who were unable to continue to support City. We are grateful to the organisations that provided additional funding to support our students. We expect further negative implications of the Covid-19 pandemic on fundraising into 2020/21.

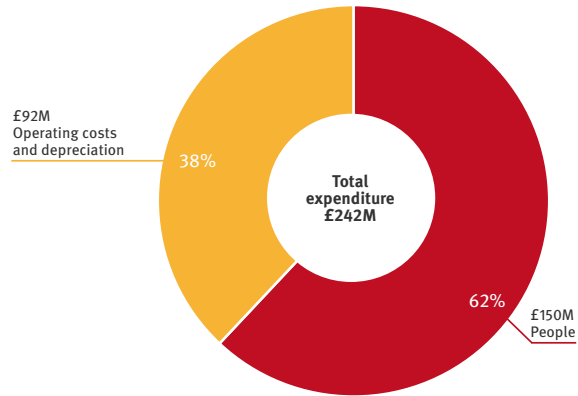
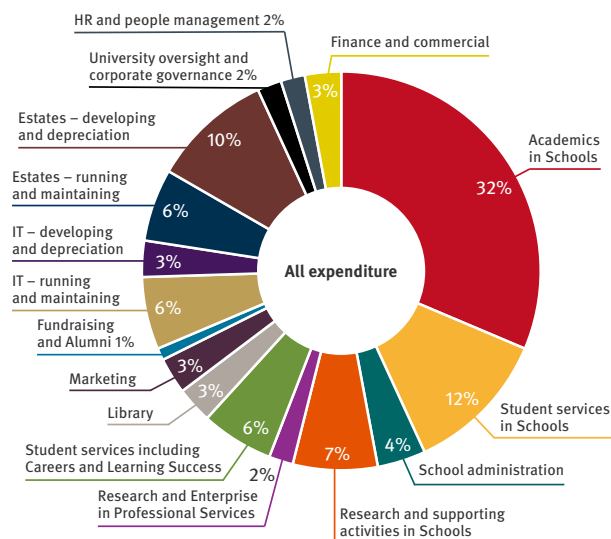
We benchmark our fundraising activity through the Council for the Advancement and Support of Education's CASE Ross survey, which measures the performance of fundraising in UK universities.

Public benefit statement

How fees are spent

The following graphics show, at a high level, how we spend income and add a financial view of value for money to the narrative above. They are intended to offer a more rounded view of value for money for students, our community and the taxpayer.

We spend the majority of our income on people

**How money was spent in 2019/20**

Corporate governance statement

The following statement provides readers of the financial statements with a short explanation of our corporate governance arrangements.

City, University of London is an independent corporation, governed by a Royal Charter, first granted in 1966 and amended by a supplemental Charter which came into effect on 1st September 2016 to reflect City's accession on that date to the University of London Federation.

City's Charter and Statutes prescribe the following components of 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 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 delegation framework set out in its Ordinances.

Senate

Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards.

Our Charter and Statutes are available at www.city.ac.uk/_data/assets/pdf_file/0018/331092/City_Supplemental_Charter_2016.pdf.

We structure our 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 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).

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 1st April 2018, the Office for Students (OfS) has been the principal regulator for charity law purposes of English universities which are exempt charities. City's Council members act as trustees for charitable law purposes.

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, the Chief Financial Officer and the President of the Students' Union; up to twelve additional independent members; and up to four additional members drawn from staff and students. City's Council comprised fifteen members on 27th November 2020, of whom eleven, including the Chair and Deputy Chair, were external independent members. There were two vacancies for a staff or student member. The staff and student members of Council at that date comprised City's Chief Financial Officer, the Director of Human Resources, one Dean and the President of the Students' Union.

The term of office for Council members 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.

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

All are formally constituted with terms of reference which may be read at www.city.ac.uk/about/governance/constitution/ordinances. Membership of Council Committees is set out at www.city.ac.uk/about/governance/council-senate-and-committees. Dates of the meetings of Council and its Committees are available at www.city.ac.uk/about/governance/council-senate-and-committees.

With the exception of Senate, which is chaired by the President, each Committee is chaired by an independent member of Council and membership is normally limited to independent Council members. The President is a member of both SIPCo and CGNC, the Deputy Chair of Senate is a member of CGNC and the Students' Union President is a member of SIPCo. 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 is an open invitation for Council members to attend Senate as observers. Three independent member of Council attended meetings of Senate this year.

Relevant members of the Executive attend Council and 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 this year.

We use executive search to assist in the appointment of members of Council. This year Russell Reynolds Associates assisted in the appointment of three independent members. The appointment process seeks to match individuals' skills and experience with our aims and the terms of reference and priorities of Committees. The process we follow seeks to strengthen and increase the diversity of Council's membership.

Council members do not have service contracts or receive payment, apart from the re-imbursement of expenses. We maintain a Register of Interests of members of Council, which may be viewed on our Governance web pages.

The College Secretary is responsible for managing our governance processes and reports directly to the Chair of Council.

The minutes of Council meetings appear on the governance public web pages following their approval by Council. A short report on Council meetings is sent to all staff a few days after each meeting and staff can access papers on the Staff Hub 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 and for the Remuneration Committee, which are described below.

Council had six meetings this year, one of which was an Away Day. It had one plenary session on the evening before the Council meeting in October 2019 and two informal dinner for the Chairs of Committees in November 2019 and February 2020 to which all independent members had an open invitation to attend. City's governance arrangements seek to ensure that Council members fully participate in Council discussions and that there are constructive relationships between Council and the Executive.

Corporate governance statement

There is an annual appraisal scheme for Council members, which also serves as an annual effectiveness review. Members of Council complete a short questionnaire which rates the performance of Council and the contribution of the individual member. This is supplemented by a meeting or telephone conversation between the member and the Chair of Council. The process has been completed this year and the Chair of Council reported on the process to the July Council noting that in her view no governance changes were required. CGNC reviewed comments from the questionnaires at its meeting in October 2020 as part of its role.

Since 20th March 2020 all meetings of Council and its committees have been held virtually using Microsoft Teams software to comply with Government regulations and guidance on social distancing.

Audit and Risk Committee (ARC)

The 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 our 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 (VfM) within the institution and monitors our risk management processes. The Committee receives reports from the Executive - specifically an assurance from the President on internal controls and reports on VfM and Data Quality – to inform its judgments on these issues. Each year the Committee gives Council an opinion on the adequacy and effectiveness of our arrangements for risk management, control, governance, VfM and the management and the quality of data submitted to HESA and OfS.

The Committee is chaired by an independent member of Council. Until July 2020, Ms Hunada Nouss chaired the Committee. Since August 2020, the Committee has been chaired by Ms Kru Desai. The Committee membership includes two co-opted members appointed for their relevant expertise, Mr Sandeep Das and Mr Richard Shaw. The internal and external auditors attend each meeting.

The Committee met four times this year. 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 comments on it before it is considered by Council, 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 our corporate governance capability, structural arrangements and practices, membership of Council and its Committees and amendments to the Charter, Statutes and Ordinances. The Committee is also responsible for making recommendations to Council on nominations for honorary degrees.

CGNC met twice this year and was chaired until 31st July 2020 by Ms Janet Legrand, an independent member and Deputy Chair of Council. Since 1st August 2020, the Committee has been chaired by Professor Chris Jenks, an independent member of Council.

CGNC recommended for approval to Council: the appointment of three independent members of Council, membership changes to Council Committees and two nominations for the award of an Honorary Degree. CGNC also 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 and the President. A report on the work of RemCo this year, in determining the remuneration of the President and other senior and higher paid staff is shown on pages 12 to 14. It was compiled in accordance with the CUC Higher Education Senior Staff Remuneration Code.

Details of the work of the Committee in determining the remuneration of senior and higher paid staff are given in the remuneration report below.

Additionally this year, RemCo considered a range of strategic remuneration issues which bear on the remuneration of senior and higher paid staff. These include the development of a remuneration framework for use in the Business School (formerly Cass) and the implementation of a job evaluation exercise for the most senior (Grade 9) Professional Services staff. Details of this work and attendance of members at meetings are given in the minutes of the meetings of RemCo, available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee.

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

RemCo met three times this year. The Committee was chaired until 31st January 2020 by Sir John Low, an independent member of Council and has been chaired since 1st February 2020 by Ms Philippa Hird, an independent member of Council.

The Committee is advised by a Director from the Hay Group, Mr Peter Smith. 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 is not a member and is not present when his remuneration is considered or set.

Strategy, Implementation & Performance Committee (SIPCo)

SIPCo was established to allow more time than is available at Council meetings for independent Council members to consider strategic issues, review progress in implementing *City's Vision & Strategy 2026*, monitor City's performance and monitor that of our constituent Schools.

SIPCo seeks assurance on these matters, advises Council and assists the Executive in bringing any matters to Council through the process of constructive challenge.

SIPCo met six times this year and is chaired by Mr Adrian Haxby, an independent member of Council. SIPCo approved the Annual Transparency Return (TRAC) to OfS on behalf of Council in 2020.

Corporate governance statement

Senate

Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards. It is chaired by the President. This year the composition allowed fourteen ex-officio positions, an equal number of members elected from the academic staff, up to five students and a member of staff elected from Visiting Academic Staff, making a potential total membership of thirty-four.

Elected members are appointed for a three-year period and at least two elected members must be drawn from each Board of Studies, with the exception of Learning Enhancement and Development (LEaD) and the Doctoral College. 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 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 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 subcommittees are six Boards of Studies, Assessment Boards, Educational Quality Committee, Research Ethics Committee, Collaborative Provision Committee and Academic Governance Committee. A new subcommittee of Senate was established with effect from May 2019, the Research & Enterprise Committee. On research issues, the Research & Enterprise Committee reports directly to Senate. On enterprise issues, the reporting line of the Committee remains to the Vice-President (Research & Enterprise). Internal Audit supports Senate and its subcommittees in reviewing, on a rolling basis, processes agreed by Senate, to ensure they are operating appropriately.

Senate met four times this year. Additionally, a meeting was scheduled for March 2020 but did not take place as it was inquorate. Minutes and papers are available to the public at www.city.ac.uk/about/governance/council-senate-and-committees/academic-committees/senate/2019-2020 although restricted papers are available only to staff and students. A short report on each Senate meeting is sent to all staff a few days after the meeting.

The Chair of Senate wrote to Senators on 26th March 2020 to inform them that he would be using his powers as President to suspend or depart from Senate Regulations (see Ordinance B.1.3) to enable City to enable students to progress or graduate, while City was affected by the Government response to Covid-19. During this period, Senate continued to meet virtually using Microsoft Teams software. Its delegated authority under City's Ordinances was otherwise unchanged.

President

Council delegates authority and responsibility for the management of the institution to the President, who is City's Chief Executive Officer. He has general responsibility to the Council for maintaining and promoting the efficiency and good order of City.

Under OfS terms and conditions of funding for higher education institutions, the President is City's accountable officer. This means that the President is responsible for ensuring compliance with OfS terms and conditions and for providing OfS 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 culture.

The President is responsible for the exercise of the powers delegated to him in the delegation framework agreed by Council and is advised by his Executive in the exercise of those powers.

Remuneration report

In determining the remuneration of the President and senior staff as defined in City's Ordinances as higher paid staff, the Remuneration Committee (RemCo) works within the context of remuneration and HR strategies that have been developed to support delivery of City's Vision & Strategy 2026. A one-page summary of that strategy can be found on the City website at www.city.ac.uk/about/governance/vision-strategy-2026. City's remuneration strategy is available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee.

In making individual remuneration decisions, RemCo has also been informed by salary benchmark data, retention considerations and relevant market conditions. These factors are also considered in setting starting salaries. Benchmarking studies consider the remuneration of staff in comparator institutions within higher education (including those of comparable size and complexity, those in a similar geographic location, members of the Russell Group) and comparators in other relevant sectors, for professional services staff. City reviews the data within the surveys it uses regularly to ensure that RemCo has access to the most relevant information for all positions. A list of comparator institutions used for benchmarking purposes is available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee.

For senior staff, RemCo considers annually the appraisal reports of staff and recommendations on remuneration from the Chair of Council (for the President, College Secretary and Director of Internal Audit) and from the President (for all other senior and higher paid staff).

With the exception of the President, all staff whose remuneration is determined by RemCo normally receive the annually negotiated cost of living increase for staff across the higher education sector. For 2019/20 an award was made of 1.8 per cent per annum. All staff whose remuneration is determined by RemCo are eligible for membership of the Universities Superannuation Scheme.

An element of City's remuneration strategy is that pay for senior staff includes an element of Performance Related Remuneration. Details of City's Performance Related Remuneration Scheme (PRRS) are available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee. The policy applies to senior staff (as defined in City's Ordinances) and more widely to members of City's Executive Committee and to the President's Executive Officer. The remuneration of some members of this group is below £100k per annum and so is not determined by RemCo. The maximum award for eligible staff is equivalent to 10 per cent of salary. Personal elements and any adjustments to base pay for staff who are not members of the University Superannuation Scheme are used in the calculation. Responsibility Allowances and other forms of additional payments are not included in the calculation.

Payments under the PRRS are determined by RemCo following the end of the financial year and is awarded in respect of performance in that financial year. PRRS 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. A table setting out City's performance against the indicators used in the PRRS is at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee.

No recommendations were made to RemCo for awards under the scheme by the President or the Chair of Council in 2019/20, in the light of the financial challenges posed for City by the Covid-19 pandemic.

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, PRRS, pension contribution and non-taxable benefits.

The President's salary is reviewed by the Remuneration Committee 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.

For 2019/20, the Committee determined in June 2019 that for 2019/20 the President should receive an increase in base pay of 1.8%. This was aligned the nationally negotiated cost of living increase received by all other staff.

For 2019/20 the President continued to receive an adjustment to his remuneration of eleven per cent of base pay, to reflect his decision in 2018/19 to leave the USS and a decision made at the time to RemCo to make such an adjustment to his base pay. Details are given in note 8 to the accounts.

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

The President's non-taxable benefits arise from City's ownership of a property at which City's Service Agreement with the President states that it is necessary for him to reside for the proper performance of his duties. The value to City of maintaining a property which can be used in part for corporate purposes and in part as a residence for the President has been acknowledged by City's Council since this arrangement was established.

The opportunity cost to City of the President's non-taxable benefits fluctuates with local property values and the benefit for 2019/20, calculated on the basis required by OfS, is given in note 8 to the accounts.

RemCo considers annually the ratio of the President's salary to the median salary for academic staff and the ratio of the President's salary to the median salary for all staff. The ratios reflect the two roles of the President, as academic leader and Chief Executive. The ratios nationally and for City, in the form which they are considered by RemCo, were published in City's Annual Report last year and have been extended below on page 14, to cover 2019/20.

Further tables which set out the ratios, when calculated on the basis required by the OfS Accounts Direction (which requires the incorporation of the non-taxable benefits of the President, calculated on the basis of the opportunity cost to City) are given in note 8 to the accounts.

The President has, for the financial year 2020/21, opted to reduce his base pay and pension supplement by 20 per cent for a six-month period, as part of City's work to reduce its costs in the light of the financial challenges posed to City by the Covid-19 pandemic. This will be reviewed after six months, in light of City's evolving financial position. The reduction in the base pay of the President will be reflected, in due course, in the annual accounts for 2020/21.

Remuneration report

Remuneration of the President elect

Professor Anthony Finkelstein CBE FREng has been appointed the new President of City, University of London. Professor Finkelstein will join City next year from his position as the Government's Chief Scientific Adviser for National Security.

The Remuneration Committee, in July 2020, following a review of remuneration across the sector, agreed the remuneration of Professor Finkelstein.

The base pay of the new President will be £306,500. The President elect will not receive any performance-related remuneration and he will not be provided with accommodation by City. He will not participate in the Universities' Superannuation Scheme. The President elect will be entitled to private health care, as are all senior managers at City.

Senior and higher paid staff

Details of the remuneration of higher paid staff are given in note 8 to the accounts.

Remuneration for these staff is determined by RemCo in the same way and in the light of the same considerations as the remuneration of the President.

Decisions relating to the remuneration of individual members of senior and higher paid staff taken in 2019/20 by RemCo are recorded in the minutes of the Committee's meetings.

External appointments and retention of income

In the case of the President, prior consent in writing from the Chair of Council is required if the President is to accept appointment to any office or position or be interested directly or indirectly in any other business. The President is permitted to retain income from any such appointment. The President retained no income from external bodies in 2019/20.

For other senior and higher paid staff, City also requires prior written agreement if any appointment or position is to be accepted at another body. As in the case of the President, any income from such an appointment may be retained by the individual.

City's policy on income from consultancy applies to all staff, including the President and is available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee. The President retained no income from consultancy in 2019/20.

Expenses

City's expenses policy for members of staff is publicly available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee. This policy applies to all members of staff including the President, senior staff and higher paid staff.

The Chair of Council is required, under the President's Service of Contract, to approve all overseas trips including their budget in advance of any commitment being made.

City's expenses policy for the reimbursement of expenses by Council members is publicly available at www.city.ac.uk/data/assets/pdf_file/0018/400059/Expenses_Reimbursement_20180305.pdf.

Under City's current Freedom of Information Code of Publication, the extent of the expenses reimbursed to the President in 2019/20 is publicly available at www.city.ac.uk/about/governance/council-senate-and-committees/remuneration-committee.

Expenses reimbursed to Council members in 2019/20 are reported in note 8 to the accounts.

Severance payments to senior and higher paid staff

Details of severance payments to senior and higher paid staff are reported in note 8 to the accounts.

Remuneration report

Table illustrating the President's remuneration to median salary for all staff.

President's remuneration 2011/12 to 2019/20									
Academic year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Salary ¹ (£k)	280	280	280	294	294	309	314	314	320
Taxable benefits in kind (£k)	1	1	1	1	1	1	1	1	2
Performance-related remuneration ² (£k)	0	42	20	16	13	24	21	18	16
Total pay (£k)	281	281	301	311	308	334	336	333	322
Payments in lieu of pension contributions (£k)								11.5	35
Pension contribution ³ (£k)	22	22	45	47	49	56	57	37.5	0
Ratio of President's salary to median salary for academic staff (UCEA methodology)									
National	5	5.2	5.2	5.3	5.6	5.7	5.6	5.6	N/A
City - Academic staff	5	4.8	5	5.2	5.1	5.4	5.4	5.3	5.5
Ratio of President's salary to median salary for all staff (UCEA methodology)									
National	6.3	6.6	6.5	6.6	6.8	6.8	6.7	6.7	N/A
City - All staff	6.5	6.5	6.9	6.9	6.8	7.3	7.5	7.3	7.6
OfS ratio - Ratio of President's salary to median salary of the whole workforce									
City - Base pay							8.3	8.2	7.7
OfS ratio - Ratio of President's total remuneration to median total remuneration of the whole workforce									
City - Total remuneration							10	9.5	8.5

Notes:

1. A salary increase has been awarded four times: 2014/15 (5%), 2016/17 (5%), 2017/18 (1.7%) and 2019/20 (1.8%).

2. Performance-related remuneration was first introduced in 2012/13. The President chose not to take the associated payment in 2012/13 and 2019/20.

3. Employer pension contributions are made at the same rate as for other staff and this was 16% to 2015/16 and 18% thereafter. The President opted out of USS for a year that bridged the academic years 2011/12 and 2012/13. City made no employer contribution during that 12 month period. The President opted out of the pension scheme from 1st April 2019.

Membership of Council

Council comprised the following members for the period
1st August 2019 to 27th November 2020.

Rector

The Right Honourable, The Lord Mayor of London

Chair of Council

Ms J Palca

Deputy Chair of Council

Ms J Legrand (to 31st July 2020)

Ms P Hird (from 1st August 2020)

President

Professor Sir P Curran

Independent members

Dame L Brindley (to 31st January 2020)

Ms K Desai

Dr P Franklin

Mr S Harding-Roots

Mr A Haxby

Professor C Jenks

Mr T Lee-Warren (from 1st February 2020)

Sir J Low (to 31st January 2020)

Dr A Mackintosh (from 1st September 2020)

Ms H Nouss (to 31st July 2020)

Ms J Tippin (from 3rd July 2020)

Ms J Wright (to 31st December 2019)

Mr R Zeghibe

Student members

Ms T Kunt (to 15th Jun 2020)

Mr S Riaz (from 16th June 2020)

Honorary Rectors (not members of Council)

The Hon Mr A Bagri

Professor Sir D Bone

Mr R Woodward

Senior Elected Senator (not a member of Council)

Dr R Cohen

President and other key officers

Professor Sir P Curran, President

Professor D Bolton, Deputy President and Provost

Professor A Jones, Vice-President, Research & Enterprise

(from 21st September 2020, also Interim Deputy President)

Professor S Newman, Vice-President, International
(part-time to 30th September 2020)

Professor Z Radnor, Vice-President, Strategy & Planning;
Equality, Diversity & Inclusion

Professor S Cottrell, Assistant Vice-President, Doctoral College
(from 1st September 2019)

Professor K Grattan, Dean, City Graduate School
(to 31st August 2019)

Professor C Greer, Dean, School of Arts & Social Sciences
(to 31st March 2020)

Professor M Mera, Interim Dean, School of Arts & Social Sciences
(1st April to 31st August 2020)

Professor J John, Dean, School of Arts & Social Sciences
(from 1st September 2020)

Professor R Roy, Dean, School of Mathematics, Computer
Science & Engineering

Professor D Salmon, Dean, School of Health Sciences

Professor A Stockley, Dean, City Law School

Professor P Volpin, Interim Dean, Business School (formerly Cass)
(from 1st October 2020, Dean, Business School (formerly Cass))

Dr W Jordan, College Secretary

Ms M Luckiram, Director of Human Resources

Ms C Rylatt, Chief Financial Officer

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 OfS and Research England terms and conditions of funding for higher education institutions and the annual OfS 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
- Judgments 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
- 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 Office for Students and Research England are used only for the purposes for which they have been given and in accordance with the relevant terms and conditions of funding and any other conditions which these funding bodies may from time to time prescribe
- Ensure that funds relating to the contracts with the National Health Service (NHS) 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
- 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 & 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
- 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
- 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
- Reporting regularly to Audit & Risk Committee which assures Council on the effectiveness of arrangements of internal control and risk management.

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 for the period 1st August 2019 to 27th November 2020.

Statement of the responsibilities of City's Council

Risk management

The key elements of City's risk management framework through which we review and mitigate risk are set out above. Risk registers at both Institutional and School level use a common format so that risks can be compared and discussed more easily.

Our risk register is structured so that strategic and operational risks that would prevent City from achieving our vision are clearly described. The highest risks as we enter the next academic and financial year are:

Strategic risks that would prevent us from maintaining and improving student satisfaction, recruiting planned numbers of students and the risk that Brexit will affect staff retention and recruitment.

Operational risks relating to compliance, information governance and health and safety. A failure in any of these areas could have a significant impact on our reputation, finances and/or ability to operate.

Our risk review process includes regular review and updating of controls and mitigating actions.

Prevent Duty

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

City's Council approved in November 2020 its Prevent Annual Report and Risk Assessment to OfS and authorised signature of the required annual assurance statement to OfS for the academic year 2019/20 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 OfS about the implementation of the Prevent Duty and reporting to OfS in a timely way all serious issues relating to the Prevent Duty.

Financial report

The financial report below comments on our financial performance and position for 2020. It also covers key finance-related commentary and provides a view on our future financial sustainability and our ability to operate as a going concern.

Financial impact of the Covid-19 pandemic

The Covid-19 pandemic has impacted City's financial results for 2020 and the future financial outlook for the medium term.

The financial impact for 2020 was a reduction in expected income and a larger saving in running and investment costs. The income reduction was relatively small as our main income streams had already been secured at the time of the UK going into lockdown in March 2020. Financial savings were made as a result of the lockdown, campus closure and cost constraints imposed on all our operational budgets and investment projects. These savings outweighed the impact that the pandemic had on our 2020 income.

The financial impact for 2020/21 is expected to result in a planned deficit position. This is mainly due to the pandemic's impact on our income, especially the impact on our international student fee income. This impact is planned to be mitigated and managed by implementing a rigorous framework of cost control measures. They include staff replacement and recruitment controls, reducing discretionary spend and reviewing, reprioritising and reducing investment project spend over the short to medium term. We are expecting to have adequate liquidity resources over the foreseeable future and are not needing to access any additional borrowing during 2021.

Forecasts beyond 2021 indicate our finances will recover as a result of the expected return to pre-pandemic levels of student recruitment and increases in the UK population of university starters. The recovery of our income streams, coupled with cost control measures, is expected to mean that our cash reserves are still maintained and do not need to be supplemented by long-term borrowing. We may require short-term borrowings to provide a financial buffer against any unanticipated future shocks. We will continue to monitor this situation as 2021 financial outcomes become clearer and the impact of the pandemic on UK and international student recruitment develops.

Financial performance

Summary results for the year

The reported and summarised consolidated statement of comprehensive income and expenditure (SOCIE) shows:

	2020	2019
	£M	£M
Income	245.0	244.1
Expenditure	218.4	279.5
Operating (loss) / surplus	26.6	(35.4)
(Loss) / gain on investments	(1.5)	0.3
Share of surplus in joint venture	0.2	0.3
Surplus / (loss) for the year	25.3	(34.8)
Unrealised loss on revaluation of land and buildings	0.0	(0.7)
Actuarial (loss) / gain in respect of pension schemes	(22.3)	(3.8)
Total comprehensive income for the year	3.0	(39.4)

This year's reported results are once again being skewed by several large adjustments relating to movements on pension provisions that are outside our control and influence and do not reflect our operational or cash generating performance. These movements total £1.1M (£50.2M in 2018/19) and are going through the expenditure and actuarial (loss)/gain in respect of pension schemes lines above. Removing these adjustments indicates that we have

made an operating surplus of £3.2M, a surplus of £1.9M and total comprehensive income of £1.9M for the year as indicated below. These results are more reflective of our core financial performance at an operational level, noting that the Covid-19 pandemic has affected them. The table below shows the represented surpluses excluding the pensions accounting entries.

	2020	2019
	£M	£M
Income	245.0	244.1
Expenditure (excluding movement on pension provisions)	241.8	233.2
Operating surplus (excluding movements on pension provisions)	3.2	10.9
(Loss) / gain on investments	(1.5)	0.3
Share of surplus in joint venture	0.2	0.3
Surplus for the year (excluding movements on pension provisions)	1.9	11.5
Unrealised loss on revaluation of land and buildings	0.0	(0.7)
Actuarial (loss) / gain in respect of pension schemes	0.0	0.0
Total comprehensive income for the year (excluding pensions movements)	1.9	10.8

The operating surplus line is used to report and forecast internally and is the key line to refer to in terms of financial performance. The represented operating surplus of 1.9M is £8.9M less than last year.

The key variances between the represented 2019 and 2020 draft results are summarised as follows:

Income: increases in: funding body grants £1.2M, donations £1.1M and fee and educational contract income £0.6M, offset against reductions in other income £1.2M, research grants and contracts £0.6M and investment income £0.2M.

Expenditure: increases in: the holiday accrual £8.7M (consequent on removing the limit of unused holiday that can be carried over as at 31st July as a result of the pandemic) and staff costs £6.5M (due to staff number increases as well as increased pension contribution costs). These increases are offset against reductions in other operating expenditure £4.1M (due to cost controls imposed due to the pandemic) and depreciation £2.6M (resulting from reduced investment and delays to projects).

Further down the table, the £3.2M operating surplus (excluding movements on pension provisions) changes to a £1.9M surplus for the year (excluding movements on pension provisions). This is due to swings caused by losses on our endowment portfolio of £1.8M (due to Covid-19 market volatility) and reduced surplus from our INTO joint venture of £0.1M.

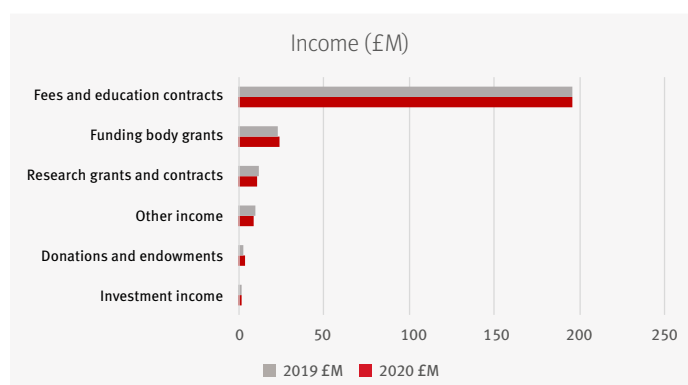
These variances are discussed in more detail within the relevant sections later in the report.

Income

The table and graph below illustrate our reported income compared to the previous year.

	2020	2019
	£M	£M
Fees and education contracts	195.9	195.3
Funding body grants	24.4	23.2
Research grants and contracts	11.1	11.7
Other income	8.9	10.0
Donations and endowments	3.4	2.3
Investment income	1.3	1.5
Total operating income	245.0	244.0

Financial report

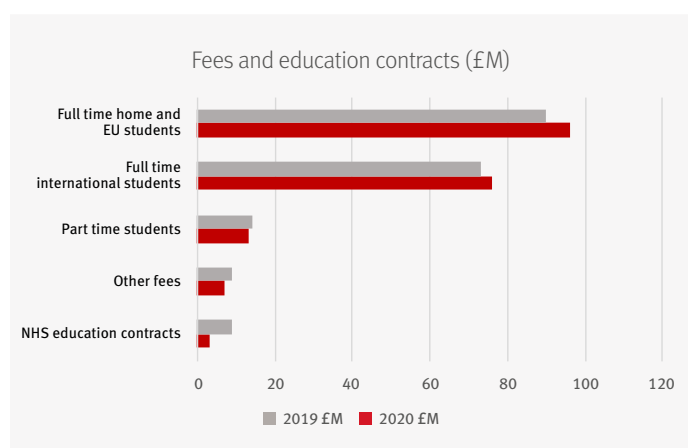


Total operating income increased by £0.9M (0.4%) to £245.0M.

Funding body grants increased by £1.2M, donations and endowment income by £1.1M and fees and education contracts by £0.6M. The increases were offset by reductions in other income of £1.2M, research grants and contracts £0.6M and investment income £0.2M. The reductions in income as well as the increase in funding body grants and smaller than anticipated increases in fees and education contracts were as a result of the effect of the Covid-19 pandemic on our various income streams.

Fee and education contract income increased by £0.6M (0.3%) to £195.9M. This was less than anticipated and mainly as a result of the effect of the Covid-19 pandemic on our income streams.

Fees from full-time home and EU students increased by £6.2M and those from full-time international students increased by £3.3M. These increases were offset by expected reductions in NHS contract income of £6.0M (consequent on the national change of funding arrangements for NHS students) and Covid-19 related reductions in other fees of £1.8M and part-time student fee reductions of £1.1M. This is shown in the following graph.



The £24.4M funding body grants that we received from the Office for Students and Research England during 2020 increased by £1.2M, mainly as a result of additional research funding being passed to City as part of the Government's reprofiling of funds in light of the Covid-19 pandemic.

Income from research grants and contracts decreased by £0.6M from the previous year to £11.1M due to the slowdown in research activity as a result of the Covid-19 pandemic.

Donations and endowments income increased by £1.1M as a result of several one-off large donations being received.

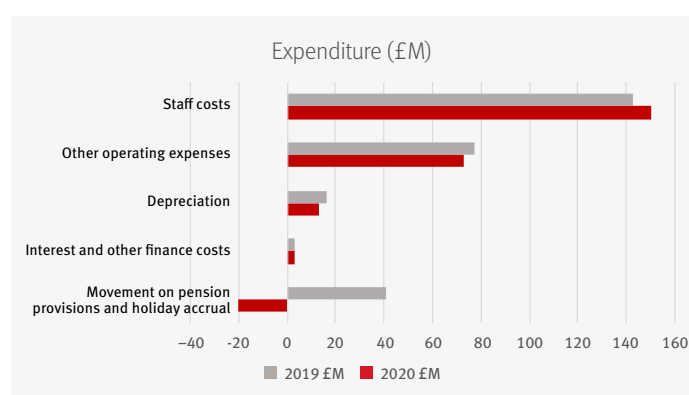
Other income decreased by £1.1M as a result of the pandemic's impact on catering, services rendered and other income streams.

Investment income decreased by £0.2M due to Covid-19 impacts on investment returns and having less cash to invest than last year. All of our cash and endowment investments are managed in line with our Investment Policy, by our appointed investment managers.

Expenditure

The table and graph below analyse our reported expenditure for 2020 compared to the previous year.

	2020 £M	2019 £M
Staff costs	149.6	143.1
Other operating expenses	72.5	76.6
Depreciation	13.3	15.9
Interest and other finance costs	3.1	2.6
Core expenditure	238.5	238.2
Movement on holiday accrual	5.4	(3.4)
Movement on pension provisions	(25.5)	44.7
Total operating expenditure	218.4	279.5

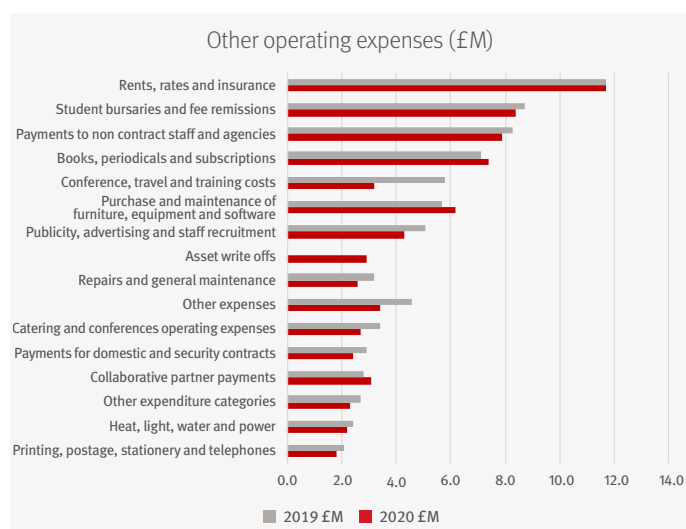


Core expenditure, as seen in the table above, increased by £0.3M (0.1%) compared to the previous year. This was less than anticipated as a result of savings made due to the impact of the Covid-19 pandemic and the UK's lockdown on our operations and estate investment plans. A one-off impairment of £3.0M of our assets was made in 2020. This was to write off past investment project expenditure that was incurred for projects that have been cancelled, following revisions to our estates and infrastructure investment plans, consequent on the Covid-19 pandemic.

Staff costs increased by £6.5M (4.5%), reflecting in-year increases in staff numbers and employment costs, notably in respect of USS employer pensions contributions.

Financial report

The breakdown of our other operating expenses is shown in the graph below.



Other operating expenses, excluding depreciation, decreased by £4.0M (5.2%) to £72.5M, reflecting the net impact of the Covid-19 pandemic, the UK's lockdown on our operations and our cost containment measures instituted during lockdown.

The largest cost decreases were in the areas of conferences, travel and training costs £2.6M (as a result of the pandemic's travel restrictions), other expenses £1.2M (resulting from our cost containment measures), advertising and publicity £0.8M (due to not being able to attend international recruitment events and fairs), catering and conference costs £0.7M (due to the closure of our campuses) and repairs and maintenance £0.6M (due to campus closures and cost containment measures).

One major area of cost increase is notable and this relates to the £0.5M increase in the costs of purchasing hardware and software as a result of moving towards remote education and working as a result of the Covid-19 pandemic and campus closure. A one-off write-off of £3.0M of our assets was also made in 2020, as mentioned previously.

Depreciation for the year decreased from £15.9M to £13.3M reflecting the slowdown of projects resulting from the Covid-19 pandemic and campus closure during 2020.

Interest and other finance costs increased by £0.5M. This was due to increases in pension interest charges of £0.5M and £0.3M less interest on borrowings being capitalised than last year. These are offset against foreign exchange gains of £0.3M that have arisen from the finalisation of several international research projects.

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. These adjustments are out of our direct influence, and are generally volatile, hence making the accounts difficult to compare and read.

These movements comprise the following:

	2020 £M	2019 £M
Movement on USS provision	(29.1)	41.6
Movement on LPFA provision	3.7	3.2
Movement on holiday accrual	5.4	(3.4)
Total movements	(20.0)	41.4

The reduction in the USS provision of £29.1M within 2020 reflects our decreased forecast liability for our portion of the USS deficit

recovery plan, which is now based on the USS valuation at 31st March 2018. The 2019 movement was based on the March 2017 valuation. The new USS valuation at 31st March 2020 is yet to be finalised and will likely result in further volatility within these numbers over the foreseeable future.

The movement of the LPFA provision is mainly due to changes in the actuarial assumptions being applied to the LPFA scheme and decreases in the discount rate used (for high-quality corporate bonds) to measure the liabilities. This is mainly being driven by Covid-19 pandemic impacts on global investment markets and returns.

The pension movements arising in 2020 have resulted in the pension provisions on our statement of financial position decreasing by a net £1.1M to £110.0M. The USS pension provision has decreased by £28.1M (from £63.2M to £35.1M) and the LPFA has increased by £27.0M (from £47.9M to £74.9M) from the previous year.

The large change of £8.8M relating to the holiday accrual is due to the one-off change to the holiday carry over cap that was put in place due to the Covid-19 pandemic. Staff could only carry over a maximum of five unused annual leave days at the 2019 year-end. This cap was lifted for the 2020 year resulting in the average days carried over per staff member increasing from 3.7 in 2019 to 13.9 in 2020.

Financial position

Capital projects

The value of our non-current fixed assets increased by £15.4M to £400.8M. This is due to the ongoing investment in our estates and IT infrastructure, as part of our Strategic Investment Plan. The increase is principally down to the construction of the new building for The City Law School, on Sebastian Street.

Pensions

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

The largest proportion of our staff are within the USS. Because of the mutual nature of the scheme, its assets are not hypothecated to individual institutions. We are unable to identify our share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS102, we account for the scheme as if it were a defined contribution scheme. The scheme was subject to a triennial valuation as at 31st March 2017 and 31st March 2018. Another valuation was undertaken as at 31st March 2020. The consultation on this valuation continues and we are monitoring developments closely.

Under FRS102, we have accounted for our estimated share of the deficit recovery plan relating to the USS. This is calculated using the approved sector-wide method. The liability for 2020 is based on the March 2018 valuation and is estimated to be £35.1M and has been accounted for as such.

The LPFA scheme currently shows an FRS102 deficit of £74.9M for City, an increase of £27.0M from 2019. This year is the first year of accounting for the LPFA based on its March 2019 valuation. The present value of the fund's liabilities for City has increased by £31.4M to £151.4M and assets have increased in value by only £4.4M to £76.5M. Our share of the LPFA scheme deficit is reflected in the statement of financial position 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 last completed revaluation, which took place in March 2019.

Financial report

Investments

FRS102 and the FE/HE SORP require 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 are classed as either current or non-current asset investments. As such, our working capital cash and endowments-related investments are split across several lines on the statement of financial position – cash and cash equivalents and investments within both the current and non-current assets sections.

Our allocation of cash and investments at the year-end is indicated in the table below.

	Non-current asset investments	Current asset investments	Cash and cash equivalents	Total
	£M	£M	£M	£M
Working capital cash	0.0	7.8	62.4	70.2
Endowments and restricted reserves	14.6	0.0	0.7	15.3
Bonds relating to post graduate student loans	1.1	0.0	0.0	1.1
Investments in spinout companies	0.2	0.0	0.0	0.2
Total	15.9	7.8	63.1	86.8

Our working capital cash of £70.2M and endowment reserves of £15.3M continue to be managed in accordance with our Investment Policy and under the management of our external investment managers. Endowment reserves lost £1.4M in value due to Covid-19 market volatility this year. These losses have been reversing over the last few months as markets are recovering.

The balance of our investments comprises £1.1M bonds relating to postgraduate loans and £0.2M of shares in various spin-out companies.

Cash flows

Our statement of financial position shows a balance of cash and cash equivalents of £63.1M at the year-end. This is a £2.8M increase from 2019. The increase results from generating £16.6M cash from operations, a £16.6M conversion of current asset investments, receiving £1.3M investment income and receiving £1.2M in capital grants. These inflows are offset by the planned spending of £31.6M on fixed assets as part of our Strategic Investment Plan and paying out £1.1M on our borrowings.

Our cash levels and liquidity position remain healthy at year-end and it is not anticipated that we will require additional liquidity resources during 2021. The recovery of our income streams, coupled with cost control measures from 2021 onwards, is expected to mean our cash reserves are still maintained and do not need to be supplemented by borrowing. We will continue to monitor this situation as 2021 financial outcomes become clearer and the impact of the pandemic on UK and international student recruitment develops.

Borrowings

In April 2017, City completed a privately arranged and competitive borrowing exercise, which secured £60M of long-term funds for us to use in financing our Strategic Investment Plan.

Due to the financial impact of the pandemic on City's income streams for 2021, we are forecast to default on one of our borrowing covenants with MetLife. This has been discussed with MetLife and a formal covenant waiver has subsequently been agreed and concluded with them.

We are monitoring our future borrowing requirements, consequent on the future impact of the Covid-19 pandemic on our finances. It is currently not anticipating needing to borrow funds over the short term.

Other finance related commentary**Basis of preparation**

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education 2019' Financial Reporting Standard (FRS) 102 and the Office for Students Accounts Direction.

Scope of the financial statements

The financial statements for 2020 comprise the consolidated results of City and its two subsidiaries, City Foundations Limited and City Entrepreneurship Limited.

Subsidiaries

The significant majority of activity is within City itself. Our two active wholly-owned subsidiaries are City Foundations Limited, which began trading in January 2010 and is the ownership vehicle for our share of the joint venture with the INTO Group. The results for INTO City LLP have been incorporated into the consolidated statement of comprehensive income and expenditure and the statement of financial position. The other subsidiary is City Entrepreneurship Limited which holds various investments relating to the Business School (formerly Cass).

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 them progress to degree level programmes at City.

The accounting impact for our share of the joint venture's results in 2020 was a gain of £0.2M (£0.3M in 2019). The slight reduction is due to the Covid-19 pandemic's impact on the joint ventures' finances within 2020.

Financial sustainability and going concern

Financial sustainability

Our Financial and Investment Plan demonstrates that we continue to remain financially sustainable. This means that we generate sufficient operational cash and surpluses to enable us both to run day-to-day activities and deliver our strategic investment objectives and plans. This considers the adverse impact that Covid-19 is expected to have on our finances over the next few years as well as our plans to mitigate those impacts to an acceptable level. We are still aiming to generate a pre-investment surplus of between 5 per cent and 8 per cent of income in the medium term and beyond.

Some of the financial indicators that we monitor are presented in the table below.

	2020	2019
External borrowing as a % of total income	24.6%	24.7%
Net cash flow from operating activities as a % of total income	6.8%	9.8%
Net liquidity days	126 days	117 days
Core staff costs (excl. pension movements and holiday accrual) as a % of total income	61.1%	58.6%

These indicators have been marginally affected by the impact of the Covid-19 pandemic on our 2020 results. However, they continue to demonstrate that we remain financially strong and cash generative.

Our income from tuition fees and education contracts is expected to return to pre-pandemic levels in the medium term and in line with our plans for 'quality constrained growth' as set out in our *Vision and Strategy 2026*.

Staff costs have increased, especially pension related costs and we continue to monitor them, noting that they are largely out of our control and influence.

Cost containment and management measures are already in place and are expected to be a feature over the next few years, in order to mitigate the Covid-19 pandemic's adverse impact on both our and the sector's finances. We will prioritise our spending on academic education and research activities as well as regulatory and legal requirements over the short term.

Our investment plans and projects were all paused as part of our response to the Covid-19 pandemic's adverse impact on our finances. All investment plans are being reviewed and reprioritised to ensure they continue to deliver long-term benefits for our students, staff and wider community as well as enabling us to meet all our regulatory and legal requirements.

Construction of the new home for The City Law School on Sebastian Street has been substantially completed and is expected to become fully operational within the second term, in 2021. The building will provide 7,200 sq m of world-class educational facilities for our students and staff.

Going concern

The Chief Financial Officer, on behalf of City's Executive Board, has assessed whether City, University of London is a going concern in reference to its financial plan. Particular note has been taken of the need to ensure the assessment 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 our ability to continue as a going concern.

We have non-current assets of £416.7M, a positive balance of cash and current investments of £70.9M at the statement of financial position date and a comparatively small level of external borrowing of £60.2M. We have no liabilities, contingent or otherwise, that would pose a threat to our operation in the coming year. Sources of income for the year ahead have been largely secured through grant income from funding bodies, contract income from the NHS and tuition fees from registered students. We have also obtained a formal covenant waiver from our lenders, MetLife. The cash flow forecast for the next 12 months reveals positive cash balances throughout this period. The Statement of Council's Responsibilities and the Corporate Governance Statement summarise the arrangements we have in place for the identification and management of risk.

Taking all of the above into account, we have 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.

Signed

Mrs C Rylatt
Chief Financial Officer

Date 14th December 2020

Independent auditor's report to the Council of City, University of London ("City")

Report on the audit of the financial statements

Opinion

In our opinion, City, University of London's group financial statements and City financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of City's affairs as at 31 July 2020 and of the group's and of City's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Consolidated and City Statement of Financial Position as at 31 July 2020; the Consolidated and City Statement of Comprehensive Income and Expenditure, the Consolidated and City Statement of Changes in Reserves, and the Consolidated Statement of Cash Flows for the year then ended; and the Statement of Accounting Policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of the responsibilities of City's Council set out on page 16, the Council is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Council as a body in accordance with statute 3 of the Charters and Statutes of City and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

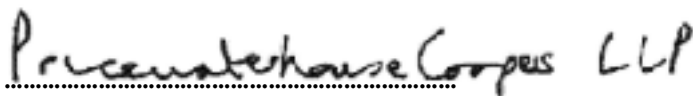
In our opinion, in all material respects:

- funds from whatever source administered by City for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

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

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

We have no matters to report arising from this responsibility.

Signed 

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 14th December 2020

Statement of accounting policies

1. General information

City, University of London “City” is registered with the Office for Students in London. The address of the registered office is Northampton Square, London. EC1V 0HB.

2. Statement of compliance

The Consolidated and City financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. They have also been prepared in accordance with the ‘carried forward’ powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31st July 2019, the Royal Charter, the 2019/20 Accounts Direction issued by the Office for Students (OfS), the terms and conditions of funding for higher education institutions issued by the Office for Students and the terms and conditions of Research England Grant.

City is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

3. Basis of preparation

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets and investments).

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £1,000.

4. Exemptions under FRS 102

City has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for City in its separate financial statements.

5. Basis of consolidation

The consolidated financial statements include City, University of London and its subsidiaries, City Foundations Limited and City Entrepreneurship Limited for the financial year ended 31st July 2020. Intra-group sales and profits are eliminated fully on consolidation.

The joint venture, INTO City LLP, is accounted for using the equity method. Balances between City and the joint venture are not eliminated. Normal trading transactions that are not settled by the statement of financial position date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to City’s share is eliminated.

The consolidated financial statements do not include City Students’ Union as City does not exert control or dominant influence over its policy decisions.

6. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated and City statement of comprehensive 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. Education contracts are recognised when City is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Consolidated and City statement of comprehensive 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 statement of comprehensive 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 in the funding council 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.

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.

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 statement of financial position 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 the individual endowment fund.

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

1. Donations with restrictions – the donor has specified that the donation must be used for a particular objective
2. Permanent restricted endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for City’s general benefit
3. Expendable restricted 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. Permanent restricted 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.

Donations of tangible assets are included within income. The income recognised is valued using a reasonable estimate of their fair value or the amount actually realised. Donated tangible assets are valued and accounted for as tangible assets under the appropriate asset category.

Statement of accounting policies

7. Accounting for retirement benefits

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 were contracted out of the State Second Pension (S2P) scheme until April 2016 when contracting out ceased for all pension schemes. The Funds are valued every three years by independent actuaries.

The USS is a multi-employer defined benefit 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.

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 statement of comprehensive income and expenditure in the periods during which services are rendered by employees. The USS scheme is accounted for under this method.

Multi-employer schemes

Where City is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where City has entered into an agreement with such a multi-employer scheme that determines how City will contribute to a deficit recovery plan, City recognises a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit and the resulting expense is recognised in expenditure.

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 net liability is recognised in the statement of financial position in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group recognises 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 an 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.

Annually, City engages independent actuaries to calculate the LPFA obligations and City uses the sector-wide model to calculate its portion of the USS deficit. The present value is determined by discounting the estimated future payments at a discount rate based on market yields on high quality corporate bonds denominated in sterling with terms approximating to the estimated period of the

future payments. The fair value of a scheme's assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with City's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income and expenditure.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

The LPFA scheme is accounted for under this method.

Further detail is provided on the specific pension schemes in note 29 to the financial statements.

8. 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 31st July.

9. 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.

10. 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.

11. 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 the statement of financial position purposes. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

12. Fixed assets**Land and buildings**

Operational land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Land and buildings that were revalued to fair value on or prior to the date of transition to the 2015 HE SORP, are measured at deemed cost, being the revalued amount at 31st 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.

Statement of accounting policies

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 the appropriate asset category.

Residential land and buildings are measured initially at cost and subsequently at fair value with movements recognised in the Consolidated and City statement of comprehensive income and expenditure. 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.

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 three and five years

Other equipment: over five years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each statement of financial position.

Borrowing costs

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

13. Investments

Non-current asset investments, excluding endowment investments, are held on the statement of financial position at amortised cost less impairment.

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

Current assets, including endowment investments, are held at fair value with movements recognised in the Consolidated and City statement of comprehensive income and expenditure.

14. Stock

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

15. 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 (maturity being less than three months from the placement date), highly liquid investments that are readily available within 24 hours without penalty.

16. 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.

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

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

A contingent asset arises where an event has taken place that gives City a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of City.

Contingent assets and liabilities are not recognised in the Consolidated and City statement of financial position but are disclosed in the notes.

17. Reserves

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

Temporarily restricted reserves include balances where the donor has designated a specific purpose for the funds and therefore City is restricted in the use of these funds but can expend both the capital and revenue in meeting the donor's wishes.

18. Taxation

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

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 UK Corporation Tax in respect of income or capital gains received within categories covered by sections 478 to 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 (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

City's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

19. Termination benefits

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

Statement of accounting policies

20. Financial instruments

City has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of financial instruments. Financial assets and liabilities are recognised when City becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Consolidated and City statement of comprehensive income and expenditure.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the Consolidated and City statement of comprehensive income and expenditure. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled or expires.

21. Joint venture entities

City accounts for its share of the joint venture, INTO City LLP, using the equity method. Where the share of losses of the joint venture are greater than the initial investment, then a provision is recognised to the extent that City has a legal or constructive obligation to the joint venture.

22. Critical accounting judgments and estimates

The preparation of City's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. These judgments, estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management consider the areas set out below to be those where critical accounting judgments have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

Judgment

Income recognition – Judgment is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance-related conditions have been met and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date.

USS retirement benefit obligations – City is satisfied that the USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

A sensitivity analysis with regards to the USS pension scheme can be found in note 29.

Estimates

Useful lives of property, plant and equipment – Property, plant and equipment represent a significant proportion of City's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and City's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 13.

USS retirement benefit obligations – 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 the USS. 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 the statement of comprehensive income and expenditure in accordance with section 28 of FRS 102. The liability is calculated using agreed rates but the estimates are driven by debt and staff assumptions as detailed in note 29.

LPFA retirement benefit obligations – The appropriate values of the assets and liabilities belonging to City have been identified by the LPFA pension scheme. City has based its liability on the latest actuarial valuation as at 31st March 2019 rolled forward using the latest financial assumptions.

Consolidated and City statement of comprehensive income and expenditure for the year ended 31st July 2020

	Notes	Year ended 31 st July 2020		Year ended 31 st July 2019	
		Group £000	City £000	Group £000	City £000
Income					
Tuition fees and education contracts	1	195,876	195,876	195,306	195,306
Funding body grants	2	24,429	24,429	23,229	23,229
Research grants and contracts	3	11,144	11,144	11,716	11,716
Other income	5	8,848	8,848	10,030	10,030
Investment income	6	1,334	1,334	1,518	1,518
Donations and endowments	7	3,360	3,360	2,281	2,281
Total income		244,991	244,991	244,080	244,080
Expenditure					
Staff costs	8	149,614	149,614	143,106	143,106
Movement on pension provision and holiday accrual	8	(20,007)	(20,007)	41,431	41,431
Other operating expenses	10	72,484	72,473	76,545	76,536
Depreciation	13	13,246	13,246	15,872	15,872
Interest and other finance costs	9	3,050	3,050	2,579	2,579
Total expenditure		218,387	218,376	279,533	279,524
Surplus/(deficit) before other gains and share of operating surplus of joint ventures and associates		26,604	26,615	(35,453)	(35,444)
(Loss)/gain on investments		(1,484)	(1,484)	343	343
Share of operating surplus in joint venture	15	147	0	328	0
Surplus/(deficit) before tax for the year		25,267	25,131	(34,782)	(35,101)
Taxation	12	(9)	(9)	(37)	(37)
Surplus/(deficit) for the year		25,258	25,122	(34,819)	(35,138)
Other comprehensive (expense)/income					
Unrealised deficit on revaluation of land and buildings		0	0	(698)	(698)
Actuarial loss in respect of pension schemes		(22,323)	(22,323)	(3,843)	(3,843)
Total comprehensive (expense)/income for the year		2,935	2,799	(39,360)	(39,679)
Represented by:					
Endowment comprehensive income for the year		(439)	(439)	208	208
Restricted comprehensive income for the year		(142)	(142)	330	330
Unrestricted comprehensive (expense)/income for the year		3,516	3,380	(39,200)	(39,519)
Revaluation reserve comprehensive expense for the year		0	0	(698)	(698)
21,22		2,935	2,799	(39,360)	(39,679)

The Consolidated and City statement of comprehensive income and expenditure is in respect of continuing activities.

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

Consolidated and City statement of changes in reserves for the year ended 31st July 2020

Group	Income and expenditure reserve			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£000	£000	£000	£000	£000
Balance at 1st August 2018	5,529	9,749	77,406	202,797	295,481
Deficit for the year	341	2,688	(37,848)	0	(34,819)
Other comprehensive income	0	0	(3,843)	(698)	(4,541)
Release of restricted funds spent in year	(133)	(2,358)	2,491	0	0
Balance at 31st July 2019	5,737	10,079	38,206	202,099	256,121
Surplus for the year	(427)	2,159	23,526	0	25,258
Other comprehensive expense	0	0	(22,323)	0	(22,323)
Release of restricted funds spent in year	(51)	(2,262)	2,313	0	0
Balance at 31st July 2020	5,259	9,976	41,722	202,099	259,056
City					
	Income and expenditure reserve			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£000	£000	£000	£000	£000
Balance at 1st August 2018	5,529	9,749	80,218	202,797	298,293
Deficit for the year	341	2,688	(38,167)	0	(35,138)
Other comprehensive income	0	0	(3,843)	(698)	(4,541)
Release of restricted funds spent in year	(133)	(2,358)	2,491	0	0
Balance at 31st July 2019	5,737	10,079	40,699	202,099	258,614
Surplus for the year	(427)	2,159	23,390	0	25,122
Other comprehensive expense	0	0	(22,323)	0	(22,323)
Release of restricted funds spent in year	(51)	(2,262)	2,313	0	0
Balance at 31st July 2020	5,259	9,976	44,079	202,099	261,413

Consolidated and City statement of financial position as at 31st July 2020

	Note	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Non-current assets					
Fixed assets	13	400,830	400,830	385,436	385,436
Investments	14	15,856	16,766	17,100	18,000
		416,686	417,596	402,536	403,436
Current assets					
Stock		37	37	74	74
Trade and other receivables	16	13,384	13,405	16,177	16,194
Investments	17	7,810	7,810	24,412	24,412
Cash and cash equivalents	24	63,074	63,074	60,232	60,232
		84,305	84,326	100,895	100,912
Less: creditors: amounts falling due within one year	18	(49,999)	(49,952)	(53,690)	(53,640)
Share of net liabilities in joint venture	15	(1,379)	0	(1,526)	0
Net current assets		32,927	34,374	45,679	47,272
Total assets less current liabilities		449,613	451,970	448,215	450,708
Creditors: amounts falling due after more than one year	19	(80,546)	(80,546)	(81,009)	(81,009)
Provisions					
Pension provisions	20	(110,011)	(110,011)	(111,085)	(111,085)
Total net assets		259,056	261,413	256,121	258,614
Restricted reserves					
Income and expenditure reserve - endowment reserve	21	5,259	5,259	5,737	5,737
Income and expenditure reserve - restricted reserve	22	9,976	9,976	10,079	10,079
Unrestricted reserves					
Income and expenditure reserve - unrestricted		41,722	44,079	38,206	40,699
Revaluation reserve		202,099	202,099	202,099	202,099
Total reserves		259,056	261,413	256,121	258,614

All items of income and expenditure relate to continuing activities. The notes on pages 33 to 48 form part of the financial statements.

The financial statements on pages 29 to 48 were approved by Council and signed on its behalf by:

Signed 

Ms Julia Palea
Chair of Council

Date 14th December 2020

Signed 

Professor Sir Paul Curran
President

Date 14th December 2020

Consolidated statement of cash flows for the year ended 31st July 2020

	Notes	2020 £000	2019 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		25,267	(34,782)
Adjustment for non-cash items			
Depreciation	13	13,246	15,872
Asset write-off cost	10	2,972	0
Loss/(gain) on investments	21, 22	1,484	(343)
Decrease/(increase) in stock		37	(26)
Decrease/(increase) in debtors	16	2,793	(2,795)
(Decrease)/increase in creditors	18, 19	(4,154)	2,134
Movement in pension provision	20	(23,396)	46,291
Decrease in other provisions	20	0	(11)
Share of deficit in joint venture	15	(147)	(328)
Adjustment for investing or financing activities			
Investment income	6	(1,334)	(1,518)
Interest payable on borrowings	9	1,083	1,100
Endowment income		0	(53)
Capital grant income		(1,213)	(1,486)
Cash flows from operating activities		16,638	24,055
Taxation		(9)	(37)
Net cash inflow from operating activities		16,629	24,018
Cash flows from investing activities			
Capital grants receipts		1,213	1,486
Investment income		1,334	1,518
Payments made to acquire fixed assets	13	(31,611)	(51,067)
Non-current investment disposals/(acquisitions)		(240)	(377)
Decrease/(increase) in current asset investments	17	16,602	8,183
		(12,702)	(40,257)
Cash flows from financing activities			
Interest payable on borrowings		(1,083)	(1,100)
Endowment cash received		0	53
	23	(1,083)	(1,047)
Increase/(decrease) in cash and cash equivalents in the year		2,844	(17,286)
Cash and cash equivalents at beginning of the year		60,232	77,518
Cash and cash equivalents at end of the year		63,074	60,232

The notes on pages 33 to 48 form part of the financial statements.

Notes to the financial statements for the year ended 31st July 2020

1. Tuition fees and education contracts

	Group	City	Group	City
	2020	2020	2019	2019
	£000	£000	£000	£000
Full-time home and EU students	96,057	96,057	89,871	89,871
Full-time international students	76,009	76,009	72,709	72,709
Part-time students	12,988	12,988	14,091	14,091
Education contracts with National Health Service	3,406	3,406	9,414	9,414
Other tuition fees	7,416	7,416	9,221	9,221
	195,876	195,876	195,306	195,306

2. Funding body grants

	Group	City	Group	City
	2020	2020	2019	2019
	£000	£000	£000	£000
Recurrent grant				
Office for Students	8,852	8,852	8,275	8,275
Research England	11,451	11,451	10,143	10,143
	20,303	20,303	18,418	18,418
Specific grants				
Higher Education Innovation Fund				
Recurrent grant	1,793	1,793	1,674	1,674
Industrial Strategy Uplift	348	348	558	558
	2,141	2,141	2,232	2,232
Global Challenges Research Fund	332	332	471	471
Other specific grants	133	133	155	155
	2,606	2,606	2,858	2,858
Release of deferred capital grants				
Buildings	1,520	1,520	1,953	1,953
	1,520	1,520	1,953	1,953
	24,429	24,429	23,229	23,229

3. Research grants and contracts

	Group	City	Group	City
	2020	2020	2019	2019
	£000	£000	£000	£000
Research Councils	1,771	1,771	2,103	2,103
UK based charities	1,487	1,487	1,862	1,862
UK Government and health authorities	2,379	2,379	2,403	2,403
UK industry and commerce	727	727	722	722
European Union	2,626	2,626	3,128	3,128
Other sources	2,154	2,154	1,498	1,498
	11,144	11,144	11,716	11,716

4. Details of grant and fee income

	Group	City	Group	City
	2020	2020	2019	2019
	£000	£000	£000	£000
Grant income from the Office for Students	10,347	10,347	10,228	10,228
Grant income from other bodies	14,490	14,490	13,703	13,703
Fee income for taught awards	187,230	187,230	184,395	184,395
Fee income for research awards	13,405	13,405	13,650	13,650
Fee income from non-qualifying courses	3,867	3,867	5,644	5,644
	229,339	229,339	227,619	227,619

Notes to the financial statements for the year ended 31st July 2020**5. Other income**

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Catering and conferences	2,022	2,022	2,451	2,451
Other services rendered	3,208	3,208	3,419	3,419
Other income	3,618	3,618	4,160	4,160
	8,848	8,848	10,030	10,030

Included within other income above is an amount of £40,664 which relates to moneys received from the Government for the Coronavirus Job Retention Scheme.

6. Investment income

	Note	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Investment income on endowments	21	147	147	170	170
Investment income on restricted reserves	22	261	261	325	325
Other investment income		926	926	1,023	1,023
		1,334	1,334	1,518	1,518

7. Donations and endowments

	Note	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
New endowments	21	0	0	53	53
Donations with restrictions	22	2,807	2,807	2,138	2,138
Unrestricted donations		553	553	90	90
		3,360	3,360	2,281	2,281

8. Staff

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Staff costs				
Salaries	117,851	117,851	114,024	114,024
Social security costs	12,009	12,009	11,785	11,785
Pension costs	19,286	19,286	16,476	16,476
Restructuring costs	468	468	821	821
	149,614	149,614	143,106	143,106
Movement on USS provision	(29,052)	(29,052)	41,622	41,622
Movement on LPFA provision	3,677	3,677	3,180	3,180
Movement on holiday accrual	5,368	5,368	(3,371)	(3,371)
	(20,007)	(20,007)	41,431	41,431
	129,607	129,607	184,537	184,537

A further breakdown of pension costs has been included in note 20.

	2020 £000	2019 £000
Emoluments of President, Professor Sir Paul Curran		
Salary	320	314
Performance-related remuneration	0	18
Taxable benefits in kind	2	1
Non-taxable benefits in kind	39	40
	361	373
Pension contributions and payments in lieu of pension contributions	35	49
	396	422

Notes to the financial statements for the year ended 31st July 2020

The President ceased to be a member of the USS from 1st April 2019. The Remuneration Committee (RemCo) agreed that an adjustment should be made to the President's remuneration to reflect this decision. The adjustment has been agreed at the level of 11 per cent of the President's base salary, totaling £35,156 (2019: £11,511). Employer pension contributions for the President for membership of the USS were paid from 1st August 2018 to 31st March 2019 at the same rate as for other members of staff and constituted 18 per cent of salary for this period. This amount totaled £37,674 within 2019.

The President received a taxable benefit in kind consisting of private health insurance.

The President's non-taxable benefit arises from City's ownership of a property at which City's Service Agreement with the President states that it is necessary for him to reside for the proper performance of his duties. This benefit has been calculated as £39,301 for 2019/20 (£39,793 for 2018/19). This figure is derived by assessing the net opportunity cost of renting out the accommodation on a commercial basis and adding the direct costs to City of providing the accommodation. These costs have then been pro-rated to ensure that the official use of the property is not included as a benefit.

The emoluments shown have been independently determined by RemCo, including performance-related remuneration. The remuneration report (on pages 12 to 14 above) set out the basis for the decisions taken by RemCo about the remuneration of the President.

The decisions of RemCo in relation to the President's salary are 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. RemCo also considers annually the ratio of the President's salary to the median salary for academic staff and the ratio of the President's salary to the median salary for all staff. The ratios reflect the two roles of the President, as academic leader and Chief Executive. The ratios nationally and for City, in the form which they are considered by RemCo, are published above in the remuneration report.

RemCo determined in June 2019 that this year the President should receive an increase in base pay of 1.8 per cent. This was aligned to the nationally negotiated cost of living increase received by all other staff. For 2018/19, RemCo determined that it would not be appropriate to agree an increase in the salary of the President.

The President's performance-related remuneration (PRR) is determined in line with the PRR scheme for senior staff. The President and other senior members of staff chose not to receive any payments under the scheme within 2020 in light of the financial challenges posed by the Covid-19 pandemic. The Chair's annual appraisal of the performance of the President for 2018/19 was that the President had met his objectives. Under the terms of City's PRR scheme, this assessment reflected (alongside the achievement by City of two of the baskets of seven KPIs and PIs that form part of the scheme) in the award, in November 2019, to the President of £16,320 comprising 5.1 per cent of salary against a maximum total opportunity of 10 per cent.

OfS pay ratios

The Accounts Direction from OfS defines two pay ratios to be included in the financial statements: 'basic salary ratio' and 'total remuneration ratio'.

'Basic salary ratio' is defined as: the Presidents salary / the median salary of the whole workforce.

The ratio of the President's 'basic salary', so defined, to that of all staff is 7.7 times (£319,599 / £41,526) the median pay of all staff for 2020 (8.2 times for 2019), where the median pay is calculated on a full-time equivalent basis for the salaries paid by City to its staff.

'Total remuneration ratio' is defined as: the Presidents total remuneration including both taxable and non-taxable benefits / the median total remuneration of the whole workforce, including taxable benefits.

The ratio of the President's 'total remuneration', so defined, to that of all staff is 8.5 times (£395,704 / £46,442) the median total remuneration of all staff for 2020 (9.5 times for 2019), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of City's staff.

For both of these ratios, the figures above include all academic and non-academic staff and include all employees who are required to be included in real-time reporting to HMRC. This is in line with the OfS Accounts Direction.

The number of staff members with a basic salary of over £100,000 per annum has been included below.

Notes to the financial statements for the year ended 31st July 2020

Remuneration of senior staff, excluding employer's pension contributions and restructuring costs	2020	2019
	Number	Number
£100,000 - £105,000	11	19
£105,001 - £110,000	18	19
£110,001 - £115,000	15	9
£115,001 - £120,000	11	10
£120,001 - £125,000	12	7
£125,001 - £130,000	11	9
£130,001 - £135,000	10	7
£135,001 - £140,000	4	8
£140,001 - £145,000	8	5
£145,001 - £150,000	5	0
£150,001 - £155,000	2	1
£155,001 - £160,000	2	3
£165,001 - £170,000	2	1
£180,001 - £185,000	1	2
£185,001 - £190,000	1	0
£190,001 - £195,000	0	1
£200,001 - £205,000	0	1
£215,001 - £220,000	0	1
£220,001 - £225,000	2	0
£225,001 - £230,000	0	1
£235,001 - £240,000	1	0
£260,001 - £265,000	0	1
Compensation for loss of office costs	2020	2019
	£000	£000
These costs are in respect of 15 (2019: 74) staff members	169	821
Average staff numbers - full-time equivalents	2020	2019
	Number	Number
Academic	848	840
Research	123	115
Management and specialist	1,188	1,157
Technical	9	10
	2,168	2,122

Severance payments

During the year City made payments of £169k in compensation for loss of office being paid to 15 employees (2019: £821k to 74 employees).

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 remuneration paid to them. Key management personnel are the seven staff members totaling 6.6 FTE (2019: seven members, 6.6 FTE) on the Executive Team and comprises:

- President
- Deputy President and Provost
- Vice-President, International (part-time)
- Vice-President, Research & Enterprise
- Vice-President, Strategy & Planning; Equality, Diversity & Inclusion
- Chief Financial Officer
- Director of Human Resources.

	2020	2019
	£000	£000
Key management personnel remuneration, including pension contributions	1,530	1,609

Council Members' expenses

Council members received no remuneration (2019: £nil). Council members' expenses include out-of-pocket travel expenses. Two of the eleven independent Council members received out-of-pocket travel reimbursements totaling £564 (2019: seven Council members, £2,350) for expenses incurred directly.

Notes to the financial statements for the year ended 31st July 2020**9. Interest and other finance costs**

	Note	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Interest on borrowings		1,308	1,308	1,017	1,017
Foreign exchange differences		(236)	(236)	73	73
Net charge on pension scheme - USS	20	999	999	466	466
Net charge on pension scheme - LPFA	20	979	979	1,023	1,023
		3,050	3,050	2,579	2,579

10. Other operating expenses

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Student bursaries and fee remissions	8,353	8,353	8,661	8,661
Payments to non-contract staff and agencies	7,934	7,934	8,317	8,317
Other expenses	3,449	3,449	4,595	4,595
Books, periodicals and subscriptions	7,415	7,415	7,093	7,093
Purchase and maintenance of furniture, equipment and software	6,181	6,181	5,681	5,681
Rents, rates and insurance	11,744	11,744	11,674	11,674
Asset write-off cost	2,972	2,972	0	0
Conference, travel and training costs	3,162	3,162	5,772	5,772
Publicity, advertising and staff recruitment	4,325	4,325	5,102	5,102
Collaborative partner payments	3,138	3,138	2,815	2,815
Printing, postage, stationery and telephones	1,802	1,802	2,080	2,080
Repairs and general maintenance	2,554	2,554	3,237	3,237
Payments for domestic and security contracts	2,355	2,355	2,901	2,901
Heating, lighting, water and power	2,175	2,175	2,394	2,393
Catering and conferences operating expenses	2,671	2,671	3,365	3,364
Other professional fees	1,005	1,001	966	966
External venue hire	561	561	1,085	1,085
IT and academic consumables	584	584	716	716
Auditors' remuneration in respect of group UK statutory audits	77	70	68	61
Auditors' remuneration in respect of other audit related assurance work	27	27	23	23
	72,484	72,473	76,545	76,536

The auditors' remuneration in respect of group UK statutory audits includes VAT at 20 per cent. The fee paid (excluding VAT) directly to PwC in 2020 as the external auditors was £64,016 for the group and £58,044 for City. In 2019 the fee paid (excluding VAT) directly to PwC as the external auditors was £56,302 for the group and £50,615 for City.

11. Access and participation

This note is in response to the OfS Accounts Direction and sets out expenditure on activities that support the ambitions as set out in our 2019/20 Access and Participation Plan for England approved by the OfS. This document is available at https://apis.officeforstudents.org.uk/accessplansdownloads/1920/CityUniversityofLondon_APP_2019-2020_V1_10001478.pdf. We are required to disclose expenditure on access activities, financial support provided to under-represented and disadvantaged groups of students; support for disabled students including the disabled students' premium and the expenditure on research and evaluation related to access and participation activities in the financial year. Expenditure on our success and progression activities is not included in this note.

	Group 2020 £000	City 2020 £000
Access investment	622	622
Financial support	1,848	1,848
Disability support	793	793
Research and evaluation	107	107
	3,370	3,370

2020 is the first year of this requirement and therefore no comparatives are required.

£1,752,782 of these costs are included in the overall staff costs figures included in the financial statements within note 8 and the remaining costs are included as other operating expenses (note 10).

The 2019/20 Access and Participation Plan forecast expenditure of £1,054,268 on access investment and £1,454,163 on financial support.

Notes to the financial statements for the year ended 31st July 2020

The difference between actual and forecasted expenditure on access and financial support is due to the impact of the Covid-19 pandemic which has significantly disrupted the delivery of City's 2019/20 Access and Participation Plan, especially in regards to planned access related activities. Multiple outreach events which involved direct engagement with Schools and young people could not take place. Alternative provision put in place for the summer term was low cost in comparison to in-person activity.

In accordance with OfS guidance, planned access investment was reallocated to respond to the needs of our students most adversely affected by the pandemic, by increasing the financial support available to them including supplementing expenditure on hardship.

12. Taxation

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Recognised in the statement of comprehensive income and expenditure				
Current tax				
Foreign tax	9	9	37	37
Current tax expense	9	9	37	37
Total tax expense	9	9	37	37
Factors affecting the UK Corporation Tax charge				
The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK. The difference is explained below:				
	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Surplus/(deficit) before taxation	25,267	25,122	(34,782)	(35,138)
UK Corporation Tax at 19% (2019: 19%)	4,801	4,773	(6,609)	(6,676)
Effect of: (Deficit)/surplus falling within charitable exemption	(4,801)	(4,773)	6,609	6,676
Total tax expense	0	0	0	0

13. Fixed assets - Group and City cost or valuation

	Freehold land and buildings £000	Residential property £000	Assets under construction £000	Leasehold buildings £000	Equipment £000	Total £000
At 1 st August 2019	340,913	3,042	60,053	21,814	39,685	465,507
Additions	622	0	25,002	50	5,937	31,611
Transfers	9,276	0	(9,758)	0	482	0
Asset write-off	0	0	(2,972)	0	0	(2,972)
At 31st July 2020	350,811	3,042	72,325	21,864	46,104	494,146
Depreciation						
At 1 st August 2019	40,329	93	0	11,098	28,551	80,071
Charge for year	7,061	16	0	1,137	5,032	13,246
At 31st July 2020	47,390	109	0	12,235	33,583	93,317
Net book value at 31st July 2020	303,421	2,933	72,325	9,629	12,521	400,830
Net book value at 31st July 2019	300,584	2,949	60,053	10,716	11,134	385,436

The residential property, 20 Myddelton Square, was last valued as at 31st July 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards 2017 and the UK national standards, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Accounting for Further and Higher Education'.

Notes to the financial statements for the year ended 31st July 2020**14. Non-current investments**

	Subsidiary companies	Other non-current asset investments	Total
	£000	£000	£000
Group			
At 1 st August 2019	0	17,100	17,100
Additions	0	360	360
Disposals	0	(304)	(304)
Loss	0	(938)	(938)
Impairment	0	(362)	(362)
At 31st July 2020	0	15,856	15,856
City			
At 1 st August 2019	900	17,100	18,000
Additions	10	360	370
Disposals	0	(304)	(304)
Loss	0	(938)	(938)
Impairment	0	(362)	(362)
At 31st July 2020	910	15,856	16,766
Other non-current asset investments consist of:			Group and City
			£000
Endowments			14,633
Bonds relating to postgraduate student loans			1,064
Investment in spin-out companies			159
			15,856

Details of investments in which the consolidated and City (unless otherwise indicated) hold 20 per cent or more of the nominal value of any class of share capital are as follows:

Company	Principle activity	Status	Holding	Registered office
City Entrepreneurship Limited	Member of various vehicles used to invest in early-stage business	100% ownership	Ordinary shares	City University, 10 Northampton Square, London, EC1V 0HB
City Foundations Limited	Member of INTO City LLP	100% ownership	Ordinary shares	10 Northampton Square, London, EC1V 0HB
INTO City LLP	Provision of pre-university education for international students	38% ownership / 50% controlling interest / 15% profit share	Ordinary shares	1 Gloucester Place, Brighton, England, BN1 4AA
Heliex Power Limited	Manufacture of compressors: steam energy generator sets	15.3% ownership	Ordinary shares / preference shares	Kelvin Building Bramah Avenue, East Kilbride, Glasgow, G75 0RD
City Occupational Limited	Manufacture of electronic measuring and testing of equipment, not for industrial process control	39% ownership	Ordinary shares	73 Shepherds Hill, London, N6 5RE
Ascending Power Limited	Research and experimental development on natural sciences and engineering	20% ownership Not trading	Ordinary shares	John Hammerbeck, 13 Ovington Street, London, SW3 2JA
Camineo	Software development	4% ownership	Ordinary shares	3 domaine du luaragais, 31280 Mons, 482 418 803 RCS Toulouse, France
CVCP Property PLC	Letting and operating of own or leased real estate	0.82% ownership	Ordinary shares	Woburn House, 20 Tavistock Square, London, WC1H 9HQ
Structured Eye Limited	Technology development: research and experimental development on natural sciences and engineering	45% ownership Dormant	Ordinary shares	9 9 Lake Avenue, Loscoe, Loscoe Heanor, Derbyshire, England, DE75 7LJ
JECT.AI Limited (INJECT)	Digital content management, business and domestic software development and software publishing	23.8%	Ordinary shares	City, University of London, Northampton Square, London United Kingdom, EC1V 0HB

JECT.AI Limited (INJECT) was acquired during the year at 23.80% ordinary shares. INJECT's principal activity is digital content management, business and domestic software development and software publishing.

Notes to the financial statements for the year ended 31st July 2020**15. Investment in Joint Venture**

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

The financial and management arrangements of the INTO City LLP joint venture were reviewed and new agreements were executed on 1st September 2017. The restructuring led to a change in the share of the LLP's net income that City will receive from 50 per cent of net income to 15 per cent.

City's share of the net liabilities of the LLP is included in the Consolidated and City statement of financial position and its share of the net income is reported in the Consolidated and City statement of comprehensive income and expenditure. City's share of the LLP's net income was 50 per cent of net income up until 1st September 2017 reducing to 15 per cent from this date onwards.

16. Trade and other receivables

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Amounts falling due within one year:				
Research grants receivables	2,625	2,625	2,267	2,267
Other trade receivables	4,304	4,304	7,110	7,110
Other receivables	183	183	354	354
Prepayments and accrued income	6,272	6,272	6,446	6,446
Amounts due from subsidiary companies	0	21	0	17
	13,384	13,405	16,177	16,194

17. Current investments

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Short-term deposits	7,810	7,810	24,412	24,412
	7,810	7,810	24,412	24,412

Deposits are held with our wealth managers at UBS and in our Special Interest Bearing Account with Royal Bank of Scotland, operating in the London market and licensed by the Financial Services Authority. The interest rates for these deposits are fixed for the duration of the deposit at the time of placement with UBS.

18. Creditors: amounts falling due within one year

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Trade payables	3,815	3,815	10,532	10,532
Social security and other taxation payable	3,353	3,353	3,416	3,416
Deferred income	25,528	25,528	26,601	26,601
Accruals	13,776	13,764	9,579	9,570
Amounts due to subsidiary companies	0	865	0	859
Loan from joint venture repayable on demand (note 15)	900	0	900	0
Other creditors	2,627	2,627	2,662	2,662
	49,999	49,952	53,690	53,640

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 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Research grants received on account	8,350	8,350	6,970	6,970
Grant income	1,594	1,594	1,426	1,426
Deferred income	15,584	15,584	18,205	18,205
	25,528	25,528	26,601	26,601

Notes to the financial statements for the year ended 31st July 2020**19. Creditors: amounts falling due after more than one year**

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Deferred income - 2-5 years	6,028	6,028	5,705	5,705
Deferred income - more than 5 years	14,261	14,261	15,058	15,058
Unsecured borrowings	60,257	60,257	60,246	60,246
	80,546	80,546	81,009	81,009

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Unsecured borrowings are repayable as follows:				
Private placement repayable by 2047	60,257	60,257	60,246	60,246
	60,257	60,257	60,246	60,246

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 per cent at 31st July 2020 (2019: 2.85 per cent).

20. Provisions for liabilities

	Obligation to fund deficit on USS Pension (note 29) £000	Defined Benefit obligations (note 29) £000	Total pension provisions £000
Group			
At 1 st August 2019	63,183	47,902	111,085
Financing charge	999	979	1,978
Amount recognised in other comprehensive income and expenditure	0	22,323	22,323
Other movement charged to the statement of comprehensive income and expenditure	(29,052)	3,677	(25,375)
At 31st July 2020	35,130	74,881	110,011
City			
At 1 st August 2019	63,183	47,902	111,085
Financing charge	999	979	1,978
Amount recognised in other comprehensive income and expenditure	0	22,323	22,323
Other movement charged to the statement of comprehensive income and expenditure	(29,052)	3,677	(25,375)
At 31st July 2020	35,130	74,881	110,011

USS deficit

The obligation to fund the past deficit of the 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 estimating the value of this provision. This is based on the scheme valuation as at 31st March 2018.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 29. This new plan requires deficit payments of 2 per cent of salaries from 1st October 2019 to 30th September 2021 and then payments of 6 per cent of salaries from 1st October 2021 to 31st March 2028. As a consequence the deficit provision has decreased significantly from the prior year of which £29,052m is due to the change in the deficit contributions contractual commitment.

Notes to the financial statements for the year ended 31st July 2020**21. Permanently restricted reserves – Group and City**

	Permanent restricted endowments	Permanent unrestricted endowment	2020 Total	2019 Total
	£000	£000	£000	£000
At 1 st August 2019				
Capital	5,141	98	5,239	5,165
Accumulated income	496	2	498	364
Total	5,637	100	5,737	5,529
New endowments	0	0	0	53
Investment income	147	0	147	170
Expenditure	(51)	0	(51)	(134)
Reclassification	42	(81)	(39)	0
(Decrease)/increase in market value of investments	(533)	(2)	(535)	119
Total endowment comprehensive income for the year	(395)	(83)	(478)	208
At 31st July 2020	5,242	17	5,259	5,737
Represented by:				
Capital	4,651	14	4,665	5,239
Accumulated income	591	3	594	498
Total	5,242	17	5,259	5,737
Analysis by type of purpose				
Lectureships	205	0	205	2,734
Scholarships and bursaries	819	0	819	859
Prize funds	704	0	704	781
General	1,076	17	1,093	1,363
Other	2,438	0	2,438	0
	5,242	17	5,259	5,737
Analysis by asset				
Current and non-current asset investments			5,259	5,737
			5,259	5,737

22. Temporarily restricted reserves - Group and City

	Expendable restricted endowments	Donations with restrictions	2020 Total	2019 Total
	£000	£000	£000	£000
Balance as at 1st August 2019	6,520	3,559	10,079	9,749
New donations	79	2,728	2,807	2,138
Investment income	168	93	261	325
Other income	0	2	2	0
Expenditure	(5)	(2,257)	(2,262)	(2,359)
Reclassification	0	39	39	0
(Decrease)/increase in market value of investments	(612)	(337)	(949)	226
Total restricted comprehensive income for the year	(370)	268	(102)	330
At 31st July 2020	6,150	3,826	9,976	10,079
Analysis by type of purpose				
Arts campaign			0	58
Lectureships			92	398
Scholarships and bursaries			7,156	1,758
Research support			162	5,890
Prize funds			316	326
General			1,880	1,649
Other			370	0
			9,976	10,079

Notes to the financial statements for the year ended 31st July 2020**23. Consolidated reconciliation of net debt**

	31 st July 2020	
	£000	
Net debt opening balance – 1st August 2019	21,972	
Movement in cash and cash equivalents	(13,760)	
Loss on investments	1,484	
Investment income	(1,334)	
Other non-cash changes	1,060	
Interest on borrowings	(1,310)	
Changes in market value and exchange rates	236	
Net debt – 31st July 2020	8,348	
Change in net debt	(13,624)	
Analysis of net debt:	31st July 2020	31st July 2019
	£000	£000
Cash and cash equivalents	63,074	60,232
Current investments	7,810	24,412
Borrowings: amounts falling due within one year		
Unsecured loans (loan from joint venture repayable on demand (note 15))	(900)	(900)
Share of net liabilities in joint venture	(1,379)	(1,526)
	(2,279)	(2,426)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(60,257)	(60,246)
	(60,257)	(60,246)
Net debt	8,348	21,972

24. Cash and cash equivalents

	At 1 st August 2019 £000	Cash flows £000	At 31 st July 2020 £000
Group:			
Cash at bank	6,524	(1,456)	5,068
Cash equivalents	53,708	4,298	58,006
	60,232	2,842	63,074

25. Financial instruments

	Group 2020 £000	City 2020 £000	Group 2019 £000	City 2019 £000
Financial assets				
Financial assets at fair value through statement of comprehensive income and expenditure				
Listed investments	15,856	16,766	17,100	18,000
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	63,074	63,074	60,232	60,232
Other investments	1,334	1,334	1,518	1,518
Trade and other receivables	13,384	13,405	16,177	16,194
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans	60,257	60,257	60,246	60,246
Trade creditors	47,372	47,325	51,028	50,978
Other creditors	2,627	2,627	2,662	2,662

For all financial assets and financial liabilities measured at fair value, City has disclosed the basis for determining fair value, e.g. quoted market price in an active market or a valuation technique. When a valuation technique is used, City has disclosed the assumptions applied in determining fair value for each class of financial assets or financial liabilities.

Notes to the financial statements for the year ended 31st July 2020**26. Capital and other commitments – Group and City**

	2020 £000	2019 £000
Provision has not been made for the following capital commitments at 31 st July:		
Expenditure authorised and contracted for	5,962	15,981
Expenditure authorised but not contracted for	72,932	31,291
	78,894	47,272

27. Lease obligations

Total rentals payable under operating leases:				
	Land and buildings £000	Plant and machinery £000	2020 Total £000	2019 Total £000
Payable during the year	6,556	688	7,244	7,280
Future minimum lease payments due:				
Not later than 1 year	6,044	648	6,692	7,288
Later than 1 year and not later than 5 years	19,119	2,097	21,216	19,753
Later than 5 years	39,387	157	39,544	39,211
Total lease payments due	64,550	2,902	67,452	66,252
Total rentals receivable under operating leases:				
	Land and Buildings £000	Plant and Machinery £000	2020 Total £000	2019 Total £000
Receivable during the year	170	0	170	163
Future minimum lease payments due:				
Not later than 1 year	29	0	29	126
Later than 1 year and not later than 5 years	67	0	67	114
Later than 5 years	3	0	3	18
Total lease payments due	99	0	99	258

Notes to the financial statements for the year ended 31st July 2020**28. Related party transactions**

During the year ended 31st July 2020 City had transactions with several 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 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 at arm's length and 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's Council or senior officer was also a director or trustee of the related party.

	Income/(expenditure)		Debtor/(creditor) balance	
	2020	2019	2020	2019
	£000	£000	£000	£000
Group investments				
City Occupational Ltd	26	5	0	(0)
Heliex Power Ltd	(238)	302	(238)	302
- of which bad debts provided for	0	0	(108)	(76)
INTO	(303)	(393)	2	64
Thomson Screening Solutions Ltd	(4)	14	(6)	6
- of which bad debts provided for	0	0	(45)	(45)
	Income/(expenditure)		Debtor/(creditor) balance	
	2020	2019	2020	2019
	£000	£000	£000	£000
Relationships with Council members and Co-opted members of Council subcommittees				
BT Openreach	0	(62)	0	0
Charities Aid Foundation	1	0	0	0
City Students' Union	57	692	58	57
DLA Piper UK LLP	0	(6)	0	0
KPMG	10	0	(2)	0
London Higher	(41)	(29)	0	(1)
Macmillan Cancer Support	0	14	0	(3)
Morgan Sindall PLC	(485)	0	0	0
Ordnance Survey	74	73	2	(10)
Royal Academy of Engineering	0	3	0	4
Royal Free Charity	0	14	0	12
- of which bad debts provided for	0	0	0	(8)
Royal Society of Edinburgh	0	25	0	7
The Children's Society	0	38	(1)	1
Universities and Colleges Employers Association	(25)	0	(8)	0
	Income/(expenditure)		Debtor/(creditor) balance	
	2020	2019	2020	2019
	£000	£000	£000	£000
Relationships with other senior executives who are not on Council but in attendance				
Chartered Association of Business Schools	0	(3)	0	0
Southern Universities Management Services	(45)	0	0	0

Notes to the financial statements for the year ended 31st July 2020**29. 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 1st 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 Scheme**Pension costs**

The total cost charged to the statement of comprehensive income and expenditure is £17,214,095 (2019: £14,655,048).

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31st March 2020 is underway but not yet complete.

Since the institution cannot identify its share of the USS Retirement Income Builder (defined benefit) component assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95 per cent.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2 per cent of salaries over the period 1st October 2019 to 30th September 2021 at which point the rate will increase to 6 per cent. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	1.58%
Pensionable salary growth	N/A	N/A

Notes to the financial statements for the year ended 31st July 2020

USS pensions provision

Significant accounting policies

City participates in the Universities Superannuation Scheme. 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. City 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", City therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme. Since City 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) with related expenses being recognised through the statement of comprehensive income and expenditure.

Sensitivity analysis

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

Change in assumptions at 31 st July 2020	Approximate impact on deficit of £28M	Impact
	£000	
0.5% pa decrease in discount rate	848	Decrease
0.5% pa increase in salary inflation over duration	82	Decrease
0.5% pa increase in salary inflation year 1 only	18	Decrease
0.5% increase in staff changes over duration	698	Decrease
0.5% increase in staff changes year 1 only	176	Decrease
1% increase in deficit contributions	5,536	Decrease

London Pensions Fund Authority scheme

LPFA maintains a rate per institution related to assets and liabilities accruing to each individual institution. There are no minimum funding requirements in the LPFA but the contributions are generally set to target a funding level of 100 per cent using the actuarial valuation assumptions. In order to comply with the requirements of FRS 102, the following additional information is disclosed in relation to the LPFA scheme.

Financial assumptions as at	31 st July 2020	31 st July 2019	
	% per annum	% per annum	
Price increases - Retail Prices Index	3.00	3.35	
Price increases - Consumer Prices Index	2.20	2.35	
Salary increases	3.20	3.85	
Pension increases	2.20	2.35	
Discount rate	1.40	2.10	
Mortality			
The assumed life expectations from age 65 are:	Males	Females	
Current pensioners	20.9 years	23.8 years	
Future pensioners	22.7 years	25.7 years	
The assets of the LPFA scheme were:			
	Assets at 31st July 2020	Assets at 31st July 2019	
	£000	£000	
Equities	42,042	39,302	
Target return portfolio	17,416	18,319	
Cash	4,701	3,805	
Infrastructure	5,291	4,134	
Property	7,096	6,571	
Total	76,546	72,131	
	%	%	
	55	55	
	23	25	
	6	5	
	7	6	
	9	9	
Analysis of the amount shown in the statement of financial position			
	31st July 2020	31st July 2019	31st July 2018
	£000	£000	£000
Present value of defined benefit obligation	151,426	120,033	104,671
Fair value of fund assets (bid value)	76,546	72,131	64,815
Net defined benefit liability	74,880	47,902	39,856

Notes to the financial statements for the year ended 31st July 2020

Analysis of the amounts recognised in the statement of comprehensive income and expenditure	31 st July 2020	31 st July 2019
	£000	£000
Service cost	6,333	5,721
Net interest on the defined liability	978	1,023
Administration expenses	94	84
Return on fund assets in excess of interest	2,339	4,721
Other actuarial losses on assets	(836)	0
Change in financial assumptions	(19,461)	(14,525)
Change in demographic assumptions	588	6,045
Experience loss on defined benefit obligation	(4,859)	0
Total comprehensive expense	(14,824)	3,069
Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31st July 2020	31st July 2019
	£000	£000
At 1 st August	120,033	104,671
Current service cost	6,333	4,989
Interest cost	2,508	2,753
Changes in financial assumptions	19,461	14,525
Changes in demographic assumptions	(588)	(6,045)
Experience gain on defined benefit obligation	4,859	0
Estimated benefits paid net of transfers in	(2,221)	(2,546)
Past service costs, including curtailments	0	732
Contributions by scheme participants and other employers	1,041	954
At 31st July	151,426	120,033
Reconciliation of opening and closing balances of the fair value of fund assets	31st July 2020	31st July 2019
	£000	£000
At 1 st August	72,131	64,815
Interest on assets	1,530	1,730
Return on assets less interest	2,339	4,721
Other actuarial gains	(836)	0
Administration expenses	(94)	(84)
Contributions by employer including unfunded	2,656	2,541
Contributions by scheme participants and other employers	1,041	954
Estimated benefits paid plus unfunded net of transfers in	(2,221)	(2,546)
At 31st July	76,546	72,131

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