



CITY
UNIVERSITY OF LONDON
EST 1894

Annual Report and Financial Statements

for the year ended 31 July 2022

The University of
business, practice
and the professions.

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President's foreword

This report reflects a year of substantial transition for City, University of London. We have, alongside society more broadly, emerged from the worst of the pandemic into what is popularly known as the 'new normal'. It is a period that has been characterised by economic uncertainty, geopolitical disruption, and a challenging policy environment. We seem set for more of the same.

Our staff and students have shown great resilience, and despite the strains imposed by this difficult context have accomplished a great deal, personally and professionally, and have supported a significant period of positive change at City. In the report which follows I set out some of the achievements of the period, the change that has taken place in the summer of 2021 and highlight our new strategy.

I joined City as President in summer 2021, in succession to Professor Sir Paul Curran. I wish to record City's appreciation for Sir Paul's outstanding service to the institution and more broadly to the community. He crafted and shaped a strategy for City that was centred on 'academic excellence'. He built City's reputation, anchoring it as a member institution of the University of London, growing its research capacity. He also led the development of City's excellent estate.

I also wish to thank Professor David Bolton, lately Deputy President and Provost, who retired from City at the end of 2021. He contributed very significantly to City's development and has been a key operational leader for the institution over many years. Professor Andrew Jones, a very important member of the leadership team, serving as Deputy President and Vice-President Research, left City to become Vice-Chancellor of Brunel University, we are very grateful for his service and proud to be contributing talent development to the sector. Together, they have given City an excellent platform from which to develop and build its new strategy.

Our strategy to date was reflected in our performance in the Research Excellence Framework - REF 2021 - results announced in May 2022. These results show a great improvement in our research standing since 2014 and are an important achievement. City submitted 1,186 academic outputs (such as journal articles) and 47 impact case studies from 536 staff (496 FTE) across 13 Units of Assessment (UoA) to REF 2021. The results show that 86 per cent of our submission to the REF was rated as being of world-leading (4*) and internationally excellent (3*) quality. This is an increase of 10 per cent from the last REF in 2014 and 35 per cent since the Research Assessment Exercise (RAE) in 2008. City is 39th in the UK out of 129 universities with an improvement of 12 places since REF 2014 (excluding specialist institutions). There were especially strong performances in Allied Health Professions, Business & Management, Sociology and Music, as well as significant improvements across many other Units of Assessment.

Over the last year we have completed extensive work on our School structures and positioning. City now has six distinct, cohesive and aligned Schools, each of which have a clear external orientation to business, practice and the professions. These changes form the foundation required to enable our Schools to identify and realise opportunities that will deliver City's new strategy.

The most significant change in this regard has been the acquisition of the Urdang Academy, a leading dance and musical theatre school, and its iconic and beautiful home in the Old Finsbury Town Hall. Urdang is combining with City's Department of Music to create a new Department of Performing Arts. We will be preserving the unique Urdang identity and intensive 'conservatoire model'. This acquisition, running counter to a prevailing trend in the sector, constitutes a very important step to reinforce our commitment to what is broadly termed the creative industries.

The development of a new strategy has required considerable effort over this year. Extensive engagement with our stakeholders and much detailed work, analysis and thinking resulted in a new Vision and Strategy, strongly endorsed by our Council in June 2022.

The headlines of our strategy work to date are as follows:

- **We build successful and fulfilling careers and develop leaders for the world of work**
 - Understanding, celebrating and empowering our students – the students who choose us, and whom we choose – and delivering enriching and personalised educational experiences.
 - Creating a diverse and vibrant community of learning that reaches far beyond the University and is sustained through powerful networks.
 - Providing relevant skills, attributes and approaches that enable our graduates to succeed in their future careers and life pathways.
- **We undertake research at the frontier of practice**
 - Fostering important, impactful and engaged research.
 - Educating professionals for whom evidence-based thinking is integral to their practice.
 - Challenging practice and redefining the professions.
- **We are a flexible, high-performing learning organisation**
 - Building a great place to work that is inclusive, supports wellbeing and is a fun place to be.
 - Creating an accountable, socially responsible, efficient and responsive organisation that can deliver this strategy.
 - Operating a robust and sustainable financial margin that ensures we have the space to achieve our mission.
- **We are open and outward-facing**
 - Comfortable with partnership and happy with co-creation – the opposite of an ivory tower.
 - Ambitious, innovative and risk-taking – not afraid to be different.
 - Embedded in London, a world capital, and proud of our deep connections with the City of London.

We are now some way into building an 'Action Plan' that follows from the strategy headlines. Our implementation workstreams have delivered a set of choices, endorsed by our Council, that focus on turning a distinctive positioning and approach into action. I am grateful to the many colleagues who have worked so hard to get us to this point.

This exciting formation work has also done much to draw us together across the University to consider how we may continue to nurture and support City's distinctive role supporting education and research for business, practice and the professions.

The strategy sets out the blueprint for City's development through to 2030, across three phases. The focus of the first phase (to 2024) will see us build the necessary platform for success; a two-year operational excellence programme delivering an enhanced student experience, agility and responsiveness. I look forward to reporting further on progress on first phase one, and the broader City Strategy, in 2022/23.

Completing all of this - the rebuild of our leadership team, a significant restructuring and the development of a new strategy, not to mention a major acquisition - has taken a huge amount of effort and creative thinking from colleagues across City; particularly against the background of pandemic recovery.

I am incredibly grateful for this. I will not disguise that more will be required in the forthcoming year, but periods of disruption favour the courageous and creative, allowing for reinvention and for bold positioning.

Professor Sir Anthony Finkelstein, President

The Strategic Report

Our strategic objectives

City's Vision & Strategy 2026 (initiated in 2016) set 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.

The 2026 strategy had three core strategic objectives:

1. Achieve growth in a way which maintains quality (“bigger”)
2. Maintain quality trajectory (“better”)
3. Leverage partnerships

Our values

Central to the achievement of our strategic objectives are 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.

As referenced in the President's foreword, this strategy and our values are in the process of being updated and these objectives will be updated for 2022/23 and beyond.

Progress towards the Vision and Strategy 2026

We have achieved great success in 2021/22, despite the challenges of the pandemic. We have increased our undergraduate student population, while also improving our graduate outcomes and our continuation rates. Most notably, our results in REF 2021, with 86 per cent of our research now rated 3-4*.

Below we outline our performance against the three pillars of the 2026 strategy:

1. Achieve growth in a way which maintains quality (“bigger”)

City has also continued to grow, maintaining our strong performance in recruiting within London, from the EU and internationally. In 2021/22, we received over 50,000 applications to study with us. The increase in applications was highest in Computer Science, which saw a 54 per cent increase on the previous year.

This increase was reflected in the growth in our overall student population during 2021/22. City now has over 21,000 students (headcount not FTE) and this is an increase of 1,350 on the previous year.

This increase has mainly been down to two factors: 1) planned expansion in undergraduate provision, 2) improvements in continuation, as outlined below.

2. Maintain quality trajectory (“better”)

Research

This year's Research Excellence Framework (REF) results show that 86 per cent of City's submission to the REF was rated as being of world-leading (4*) and internationally excellent (3*) quality. This is an increase of 10 per cent from the last REF in 2014 and 35 per cent since the Research Assessment Exercise (RAE) in 2008.

We are ranked 39th in the UK out of 129 universities with an improvement of 12 places since REF 2014 (excluding specialist institutions).

The proportion of City's research rated world-leading (4*) has almost doubled to 40 per cent in REF 2021 (from 23 per cent in 2014). We are also 30th in terms of Grade Point Average (GPA) for the Outputs profile out of 129 universities, which is an increase of 18 places since REF 2014 (excluding specialist institutions).

These results show a great improvement in our research standing since 2014. Our REF results will help us develop and manage our research strategies, supporting the delivery of City's new institutional strategy.

Our results also play an important role in enhancing our profile and provide important reputational information about universities which will be reflected in some of the major league tables. *The Times Higher Education* has also ranked us as 39th in the UK, with an improvement of 12 places since REF 2014.

Education

For student experience, using the National Student Survey (NSS) as the measure, City remains in the bottom quartile among UK higher education institutions (HEIs) for overall satisfaction, teaching, assessment & feedback and our overall NSS KPI (average NSS questions 1-26).

Within our NSS KPI 2022, values ranged by School: from Bayes Business School (74.9 per cent) through to the School of Mathematics, Computer Science & Engineering (59.1 per cent); and with 67.7 per cent for women vs. 66.8 per cent for men; there was though little noticeable variation by student ethnicity.

Of the domestic entrants to a City full-time undergraduate programme in 2018/19 (relevant for the 2021/22 period), 93 per cent continued at City in the following academic year, similar to previous cohorts and with City ranked 35th of 107 by this measure and just below the upper quartile for English HEIs. This is a significant improvement on the most recent data, where City scored 85 per cent and was ranked 88th in England.

Furthermore, the attainment gap (degree completion) between White and BAME students has continued to decrease markedly from 11 per cent in 2018/19 down to 1 per cent in 2021/22, with City now ranking 4th in England by this measure and 1st in the University of London.

Employability

We have developed a strategic approach to improve student progression outcomes through our Employability Development Plan. The plan aims to embed professionally relevant experience in all undergraduate programmes and embed careers focused education as part of the core curriculum.

By the employment measure published in *The Times Good University Guide*, 77.6 per cent of City undergraduate qualifiers went on to highly skilled employment or further study, with City ranking 45th by this measure in the UK, in the second quartile and 6th in London.

3. Leverage partnerships

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.

We are proud of our international outlook and ability to attract well-qualified students from overseas, having received over 23,000 applications from international students in 2021/22. This is particularly the case on our postgraduate programmes, where we saw an increase in international applications of +19 per cent on the previous year.

We are expecting enrolments from over 150 different countries.

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 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.

We regularly assess the value for money of the experience we offer our students and we will continue to focus on this, particularly in this challenging financial climate.

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.

Professor Sir Anthony Finkelstein, President

Ms Julia Palca, Chair of Council

Public benefit statement

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.

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. The University aims to admit students of the highest calibre, who have the academic potential and the personal motivation to succeed on our rigorous courses. The University encourages applications from students of all backgrounds.

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 arrangements to diversify student representation at a strategic level and ensure the student voice is taken into account. We have established a Student Board to partner the Education and Employability Board and advise on strategic matters relating to education, employability and student experience.

Approximately 75 per cent of our students are domiciled in the UK, with these students mainly from London and the South East. We have over 5,000 International students, representing 164 different countries.

The vast majority of our students are full-time and increasingly undergraduate, with the largest numbers spread across the School of Policy & Global Affairs and Bayes Business School (approximately 3,000 per School).

Undergraduate students

Of our UK undergraduate students, 70.8 per cent come from under-represented groups in higher education (known as Widening Participation students). During 2021/22 we renewed our partnerships with schools and colleges as we rebuild our Widening Participation Outreach activity as the impact of Covid-19 recedes. In 2021/22 the Widening Participation Outreach team engaged with around 1,500 young people to encourage under-represented groups to access and succeed in higher education.

Through early engagement, we provide practical support and learning for students across the full educational life cycle, from primary school to transition to higher education. We have adapted our mentoring and tutoring provision to be delivered both online and in person, delivering 1,500 tutoring hours across primary and secondary provision. We worked in partnership with schools and colleges to deliver online and in person careers advice and information activities direct to learners, supporting decision-making at key stages of the learners educational lifecycle. We continued to support the transition to higher education through Start@City, targeting BTEC (Business and Technology Education Council) students and disabled students with a pre-entry welcome event to introduce them to City ahead of Welcome Week.

The Ensuring Greatness project for Black Caribbean students attending The Elmgreen School, Tulse Hill, is a targeted project aimed at ethnic groups strongly underrepresented in higher education. It is a multi-year tutoring project building academic skills and social capital, incorporating skills and career focused sessions delivered in close partnership with the school. This project received the National Education Opportunities Network Widening Participation (Outreach) Award 2022.

We provide individual support for 56 care leavers to help them 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.

Our undergraduate bursary and scholarship schemes include the 56 City Cares Bursary, 361 City Education Grant, 15 President's International Scholarship and the Lord Mayor of London Scholarships for Academic Excellence (25 awards to the value of 50 per cent of undergraduate fees). We also 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 2021/22, £414,599 of financial support from the Hardship Fund was provided to 710 students across all disciplines. The Fund provides financial assistance to students who have met unforeseen financial hardship during their studies. We continued to provide support for students to access technology to support their studies with the newly rebranded Remote Learning Fund.

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. Our staff can request up to two days per year to take part in volunteering activities, which has enabled colleagues across the institution to take up various volunteer roles in charities near their homes and within our local community.

The Community Volunteering Service supports students in running community initiatives and 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. We now work closely with colleagues at Better Space to support social enterprises in the Islington area. We are also collaborating with colleagues in the Sociology department on integrated experience programmes for students to work with charities and community organisations as part of their studies.

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

We have ensured students and staff are empowered to safely continue 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 using appropriate social distancing measures. For example, 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 supporting the UN Sustainable Development Goals. Now we are emerging from the pandemic, we have returned to

Public benefit statement

a more facilitative role with more direct oversight of student volunteer recruitment and engagement through our updated volunteering brokerage system.

City supports other UK higher education institutions concerning best practices in risk management and online delivery of volunteering opportunities through our continued membership of the UK Student Volunteering Network.

Use of Apprenticeship Levy

In 2020, City signed a partnership agreement with the London Progression Collaboration to pledge to transfer our unspent Apprenticeship Levy funding to support apprentices in the local area. To date we have transferred almost £200,000 to support apprenticeship training for small businesses, charities and social enterprises within Islington and neighbouring boroughs. This has created opportunities for younger people and underrepresented groups to access training that they would have been otherwise unable to.

Partnerships have been developed with organisations ranging from digital and media, to construction, hospitality and health and social care. We are supporting individuals from a diverse range of backgrounds, including the care sector, ex-armed forces and ex-offenders. We have been able to liaise with Islington City Council and work with them as part of the Islington Anchor Institution Network.

Equality, diversity and inclusion

As part of City's commitment to foster an inclusive learning and working culture, we have engaged in significant work to increase our focus and widespread consideration of equality, diversity and inclusion (EDI) in all that we do. City's EDI Strategy 2020 to 2026, launched in 2020, has provided us a vision towards creating 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 EDI Strategy continues to focus on four key areas: race, disability, sexual orientation and gender, but also recognises intersectionality within all protected characteristic groups. Implementation is being taken forward through a delivery plan overseen by our EDI Board which is co-chaired by our President and Assistant Vice-President (EDI).

Through the process of making submissions to Equality Charter marks such as Athena Swan and the Race Equality Charter, and our work on Stonewall and Disability Confidence, City has been on a continuous process of identifying and addressing institutional and cultural barriers, to ensure that the experiences of, and opportunities for, our staff and students are equal for all. Our focused EDI work over the last year emphasised that our ambition to change culture across City will need to stem from working in partnership with key stakeholders and encouraging better decision-making through the contributions from a wider range of voices from across the University. Our desire to embrace the principles from our EDI work also underpins our emerging, new University Strategy.

The collective responsibility of creating an inclusive and anti-racist workplace and educational environment should rest with all members of City's communities from those who lead teams, support students and manage staff, to students themselves. As part of this imperative, City has seen several key achievements as well as a number of wider staff and student issues that need to be addressed by City.

Currently, we hold an Athena Swan Bronze Award which recognises our continued commitment to tackling issues related to gender equality, and are in the process of renewing our institutional award status. All six Schools are at various stages of their Athena Swan journeys, with the School of Health & Psychological Sciences, the School of Science & Technology, School of Communication & Creativity and School of Policy & Global Affairs currently holding Bronze Athena Swan awards.

We have created a Race Equity Action Plan through the process of submitting our Race Equality Charter application in July 2022. We are working closely with our Network for Racial Justice in implementation of the Race Equity Demands set by the Network. We are continuing our mentoring programme for Black, Asian and Minority Ethnic (staff aspiring to leadership) in partnership with London Metropolitan University.

In 2020, we became a member of Stonewall's Diversity Champions programme demonstrating our commitment to its lesbian, gay, bisexual and transgender (LGBT+) staff and student communities. Work has also commenced on City's first submission into the Stonewall Workplace Equality Index (WEI) to assist us in implementing LGBT+ inclusive policies and practices across the institution, and we recently established a Stonewall WEI Task and Finish Group.

We are proud to take part in the government's Disability Confident scheme to demonstrate our commitment to disability equality through the use of the Disability Confident Framework. We have recently moved from a Level 1 to a Level 2 Disability Committed employer.

We will continue to actively tackle inequalities that impact our students. Work to reduce the degree awarding gaps is being undertaken with clear action plans which include commitments to ensure inclusive curricula and assessment design, culture change and decolonising curricula and practice. We continue to work closely with the City Students' Union and student communities to partner and co-create in these spaces, including the introduction of Student EDI Reps, a paid role, who together form our Student EDI Steering Group.

In October 2022, City will launch our new online reporting tool for staff to report, either anonymously or with personal details, if they have experienced, bullying, discrimination, harassment, sexual harassment, sexual violence or domestic abuse, or are concerned about another member of staff. This reporting tool represents City's commitment to creating a University that continually works to ensure that all staff and students feel welcome, safe and empowered to bring their entire selves to their work and studies.

By the end of 2022, City will launch a new Office for Institutional Equity & Inclusion, which will play a critical part in helping us prioritise staff and student development, engagement, accreditation, monitoring and integrated practice improvement needs. Led by the Assistant Vice-President (EDI) who reports to the President, the Office will draw on the great work currently led by colleagues within our HR and Student & Academic Services teams to cohere in a single City-wide unit to transform our organisational culture and support the progression and success of our staff and students.

Sustainable City

Last year was seen as a momentous year for the climate change movement, as world leaders came together for the United Nations Climate Change Conference (COP26) in Glasgow, galvanising the urgency in taking climate action.

At the same time, Professor Sir Anthony Finkelstein, President of City, University of London and Shaima Dallali, President of City Students' Union launched COP26@City to outline the City community's response to the global climate challenge. A series of public events explored research and development across each of City's Schools. The subsequent publication of our annual Global Goals report 'Climate Action in focus', highlighted the ways City, its Students' Union and its people are helping deliver climate action across five key themes: Research, Education, Engagement, Campus and Governance.

Public benefit statement

In support of the United Nations Global Goals for Sustainable Development, we have continued to build and develop the annual London Student Sustainability Conference. This year's event was hosted in partnership with five other London universities and welcomed students from across the capital to present their research relating to the Global Goals for our online audience.

We developed the Student Sustainability Office, comprised of five City students to develop our understanding of wider City student views on a range of sustainability issues. The results of their research demonstrated 89 per cent of respondents at City agree with the statement that universities should actively incorporate and promote sustainable development and 80 per cent believe sustainable development should be embedded in higher education curriculums. Additionally, reputation is important for students at City, with 75 per cent considering good sustainability credentials important when choosing a university.

City's work continues to be recognised with a first-class award from the People & Planet University League, a UK-wide independent performance indicator reviewing environmental and social sustainability criteria.

We submitted to the global Times Higher Education Impact Rankings, across several of the Global Goals: SDG 3 – Good Health and Well-being (top 200); SDG 5 – Gender Equality; SDG 8 – Decent Work and Economic Growth; SDG 10 – Reduced Inequalities (=72); SDG 12 – Responsible Production and Consumption (=77); SDG 13 – Climate Action (top 200); and SDG 17 – Partnerships for the Goals. We also submitted to the overall ranking and achieved a place in the top 300 of 1,406 institutions.

City is currently developing a plan to meet its aim of achieving net zero carbon emissions by 2040, at the latest.

Community

An anchor institution in Islington

In September 2022, City will celebrate its acknowledged status as anchor Institution in its home borough of Islington, one of the country's most economically unequal boroughs, where alongside pockets of great wealth and many large companies, there are also areas of significant deprivation.

An anchor institution is typically a large, non-profit, public-sector organisation whose long-term sustainability is tied to the wellbeing of the populations it serves. Anchor institutions get their name because they are unlikely to relocate and have a significant influence on the health and wellbeing of communities.

Over the last year we have been working closely with the Inclusive Economy team in Islington to articulate the ways in which City currently acts as an anchor, namely:

- As an **employer** – adopting progressive policies on recruitment; pay and conditions; and careers to fully harness the talents of our local workforce and future generations
- As a **purchaser** – actively supporting existing and emerging local businesses to offer affordable, quality goods and services and thereby maximising local social value and wealth creation
- As a **landlord and asset manager** – managing and developing buildings and spaces to create more accessible, sustainable and better places
- As a **leader** – committing to a shared ambition for Islington and embedding these values into day-to-day activity to ensure we make a difference.

Of course, we are not the only anchor institution in Islington but one among six including: Camden & Islington NHS Foundation

Trust, London Metropolitan University, Whittington Health NHS Trust, Capital City College Group and Islington Council itself, forming the Anchor Institution Network, and adopting a set of hard and soft metrics to measure our progress and impact. These include, for example, commitment to the London Living Wage, adherence to Green Buildings Standards and to creating local jobs and apprenticeships.

As a partner in the Anchor Institution Network we will continue to use our collective influence to help shape Islington's future, generating more opportunities and wealth for local people and businesses, creating a more equal and inclusive borough and adding further profile and impetus to our own strategic goals.

Better Space

Another important relationship with Islington is embodied in our Better Space affordable workspace joint venture. Better Space is a coworking space for social enterprises, charities and small businesses supporting positive social and environmental change, operated by City on behalf of the London Borough of Islington.

Launched in April 2021 offering coworking space, enterprise education, support services and community building activities it has gone from strength to strength. In recent months City has seen a significant increase in bookings and member activity, and the space is now approaching maximum occupancy (individual memberships have increased 53 per cent since January 2022 with 23 new individual members joining in July alone). The interest in purpose led and business-for-good enterprise continues to grow with a wide variety of individuals and organisations contributing towards the development of a vibrant and supportive community of social entrepreneurs, creating strong links between City and the local community.

Recent project highlights include LIFT (Leading Inclusive Futures through Technology) which provides workshops and training courses to give local people the knowledge, skills and expertise they need to find a job or start their own business; and the upcoming Changemaker Challenge where participants will be given the opportunity and support to replicate proven successful social enterprise solutions within their own communities.

Working with the local community

Across City, there are many examples of School engagement with our local communities.

The City Law School's long-standing commitment to working with the local not-for-profit sector to place our students in the community, volunteering with legal charities. The City Law School students are an asset to organisations and volunteer to assist clients with their case, while learning through doing. The City Community Legal Advice Centre (CityCLAC) has been established at The City Law School for over 10 years and provides advice on several areas of law including, employment, family, civil litigation, consumer, personal injury, contractual disputes, and housing. Our approach enables our students to work with experienced lawyers in the provision of legal advice to members of the public, who would not otherwise be able to pay for legal services. We have also worked with small businesses to advise them on company setup and commercial disputes and we run a representation service for schools exclusions supported by two barristers chambers, providing advice, casework and advocacy to families who have had a SEN child excluded from school.

In our School of Health & Psychological Sciences we offer free eye examinations in our Student Clinics (during term time) which take place in our state-of-the-art facilities at the CitySight clinic. These are provided by third-year students working under staff supervision. The clinic provides free eye and contact lens tests to the community, as well as specialist services for children, addressing binocular vision problems, specific learning difficulties, visual impairment and colour vision defects.

Public benefit statement

City welcomes our friends, neighbours and local communities through our many open and free lectures, discussions and events both online and in person. This year the annual and month-long City Summer Sounds Festival returned as a series of live events, reflecting the vibrant and diverse work of City's musicians, staff, students and friends. A chamber choir, a string orchestra, performers of the London Silk Road Collective (part of the 2022 Middle East and Central Asia Music Forum), brushed shoulders with recent student electronica, audio-visual work and music for the dance floor.

More generally our facilities (including meeting rooms and CitySport) are available for local community groups to use and City are keen to engage with them. We continue to hold a Bi-Annual Residents' Forum and recently enjoyed giving our neighbours a tour of The City Law School in Sebastian Street, which was shortlisted for a RIBA award. A resident co-chair was introduced last year to support the important exchange of updates, feedback and to work together with City in addressing any queries or concerns that residents might have with University operations. In 2022 we appointed an Assistant Vice-President of Civic Planning and Development, to take a lead in this work.

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, out of a total of 12 Governors, to the Academy:

- Ronald Zeghibe, a member of the University Council and entrepreneur
- Professor Sanowar Khan, Deputy Co-Chair, Civic Engagement T&F Group
- Hafiza Patel, Assistant Finance Director
- Reema Khan, Head of Principal Gifts.

All our Governors play a leading role in the governance and life of the Academy. They sit on the Board of Governors, Finance and Curriculum and Community (C&C) committees.

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

We have seen significant improvement in our research performance. This has been achieved as a result of the large investment that City had made in academic excellence over the past 10 years.

We have cemented our place in society as a public university that delivers research with impact, locally and globally. As we enter into the next phase of our development, our commitment to increasing the quality output and impact of our research will see City achieve its vision of creating new knowledge, supporting business and the professions, and contributing to the global good of society.

Recognition for world-leading research

City has been recognised for producing world leading and internationally excellent research that has a major impact on society, policy and the economy.

The results of the Research Excellence Framework (REF) 2021, which assesses research quality at UK higher education institutions, confirm City's position as a world-leading university with an international reputation for research excellence.

The results show that 86 per cent of City's submission to the REF was rated as being of world leading (4*) and internationally excellent (3*) quality. This is an increase of 10 per cent from the last REF in 2014 and 35 per cent since the Research Assessment Exercise (RAE) in 2008. The results demonstrate a continued and significant improvement in City's research standing.

City is 39th in the UK out of 129 universities according to the *Times Higher Education* rankings. This is an improvement of 12 places since REF 2014.

The proportion of City's research rated world-leading (4*) has almost doubled to 40 per cent in REF 2021 (from 23 per cent in 2014).

The REF assesses the strength of research quality across UK HEIs and measures three components: Outputs (60 per cent); Impact (25 per cent); and Environment (15 per cent). They are aggregated to form the overall 'quality profile'.

A vital element of REF is illustrating the benefits research delivers beyond academia, including how it brings tangible changes to people's lives and the public value it delivers. These results showcase excellent research – firmly rooted in our mission to be a university focused on business, practice and the professions.

Universities receive a Quality Research (QR) grant from Research England based on the REF outcome which is fundamental in maintaining and developing institutional research infrastructure, supporting researchers and investing in research activity.

Contributions to academic excellence

City will continue to host the European Social Survey (ESS) headquarters until May 2025, under a new agreement. The ESS is a biennial cross-national survey conducted across Europe to measure the attitudes, beliefs and behaviours of people in more than thirty nations. The new agreement supports City's commitment to collaborative European research projects, even after the UK's decision to leave the European Union.

New research by Dr Cormac Bryce, Lecturer in Insurance, at Bayes Business School has confirmed the existence of the Covid-19 'infodemic' and has warned it is liable to make solutions to global issues, including climate change, more difficult to achieve. The study found that the news coverage around the pandemic represented a distinct phenomenon – a 72 per cent increase in all risk discussions across all topics in the media.

A new report released by Professor Les Mayhew, Head of Global Research at the International Longevity Centre (ILC) and Professor of Statistics, argues that anti-smoking measures could save billions across the UK economy. The report called 'Up in smoke' highlights the costs of smoking not just to individuals' health, but to the sustainability of the broader healthcare system and to the public purse as the Government aims to 'build back better' from the pandemic.

A new paper explores the challenges of financing immediate disaster response in lower-income countries. Professor Paula Jarzabkowski looked at important innovations to challenge this trend of disasters – disaster liquidity via risk pools, which spreads risk and cost across countries and allows them to buy reinsurance products to provide capital in the event of a disaster. The paper explores the tensions that could arise through such a scheme, such as complexities between countries organisational systems, and offers practical impact and optimism.

Dr Elizabeth Cook from City's Violence and Society Centre has a paper published in the *Journal of Family Violence* that aims to shine a light on the dual purposes of Domestic Homicide Reviews (DHRs). First, as a benefit to DHRs, enabling a fuller picture of victims' experiences; and second, as a benefit to families themselves, notably as a

Public benefit statement

therapeutic or cathartic opportunity. The study shows there is a need to better engage with how families are involved in DHRs – as a way of increasing transparency for family rights – and proposes a new conceptual framework.

Governments and technology must evolve with dark web markets to ensure that the ungoverned spaces are carefully monitored as they continue to grow post pandemic. That is the view of a group of economists and scientific experts, who spoke at an online panel event, hosted by Bayes Business School's Centre for Banking Research. The lockdown in 2020 impacted lives, societies and economies across the world, but it also saw an influx of online trading for Covid-19-related goods, such as vaccines and proof of vaccination, alongside goods more traditionally traded on the dark web, including drugs.

Award winning researchers

Miranda Leach, Midwifery Lecturer at the School of Health & Psychological Sciences, has been awarded a Council of Deans of Health Fellowship as part of its new Fellowship Scheme starting this year.

Professor Dermot Bowler, who is a founder member of the Autism Research Group at City has been elected to a Fellowship of the Academy of Social Sciences. His scientific work is on the identification of psychological processes underlying the social difficulties that define people with autism spectrum disorder (ASD), a condition that has profound repercussions for an individual's emotional, social and occupational development.

Professor of Bioethics and The City Law School Interim Dean, Richard Ashcroft, has been praised by the President of the Royal College of Physicians (RCP) Dr Andrew Goddard, for his submission to the report, 'Smoking and Health 2021'. Professor Ashcroft contributed to the chapter on the ethical aspects of tobacco use/misuse among marginalised and disadvantaged young people.

Dr Zahera Harb, a Reader within the Department of Journalism, was appointed to the Board of the Press Recognition Panel in June 2022 and will take up the positions on 1 September 2022 following an open recruitment process.

City's Experts working with business

Businesses often say that finding the right research expertise is a constraint to their interactions with universities. Access to City's research expertise for innovation opportunities and potential partners has been greatly enhanced by Konfer, a smart brokerage tool that helps businesses and universities connect. City is the first UK university to improve representation of their expertise and capability through the supply of their data directly to Konfer. This is a powerful resource to allow truly open innovation with business and community organisations.

Fujitsu Ltd has been collaborating with the Data Science Institute at City since 2021 to achieve improved accountability of AI systems. The project, just renewed for another year, will see Fujitsu support a research fellowship at City to explore the use of deep learning and interactive explanation technology. The goal is to use explainable AI to increase trust between human and AI, and accountability of AI-based medical systems.

Global experts from the shipping industry came together as the Bayes Shipping Society's annual Shipping Symposium made its in-person return to Bayes Business School. Three separate panel discussions addressed the state of play for shipping and trade, including the challenge of decarbonisation; the use of big data to drive innovation; welfare and safety of workers; and regulations.

City has joined forces with Tonus Tech, Newcastle University and Innovate UK as part of a year-long Tone Up project. Tone Up will see the development of a smart garment for athletic longevity

and The City Law School's intellectual property (IP) specialist, Dr Enrico Bonadio, will plan an IP strategy aimed at protecting Tonus Tech's research and development (R&D), recouping the company's investments and maximising its profits. The strategy will focus on protecting new technology created by Tonus Tech by acquiring IP rights, opposing third party infringements and ensuring that Tonus Tech's technology does not violate IP rights owned by competitors.

Research funding successes

Tackling health inequalities is the target of a bold new £11.6M programme of research from City and Queen Mary University of London. Hosted by the School of Health & Psychological Sciences, the process of applicant selection is underway with the first cohort of fellows starting in September/October 2022.

Dr Aaron Einbond, Senior Lecturer in Music, is member of a research team for the European Research Council (ERC) Horizon 2020 project 'Music and Artificial Intelligence: Building Critical Interdisciplinary Studies', supported by a €2.14M five-year grant including funding to City for 11 months of Aaron's full-time research. Aaron's contribution to the project proceeds from the question; 'How can artificial intelligence be used to re-embodiment the spatial presence of live instruments and performers with three-dimensional electronic sound?'

City supports new entrepreneurs

Supporting increased youth employability and entrepreneurship across Africa: An innovative programme is aiming to support increased youth employability and entrepreneurship across Africa through the actions of universities. Funded by the British Council and City, University of London – alongside the University of Nairobi and Change School – it is part of the Centre of Excellence that will be delivering the Innovation for African Universities (IAU) Programme. The 18-month project will initially aim to improve the prospects of employability in Kenya, Ghana, Nigeria and South Africa by funding partnerships between universities in the UK and Sub-Saharan Africa. This will ensure that skills are developed to help build industries, companies, products and services, while supporting the internationalisation of universities on both continents, who continue to support overseas initiatives. The initiative is led by Professor of Strategy and Innovation, Sam Kamuriwo.

City is ranked 2nd in UK for external investment received for social enterprise start-ups. In May 2022, The Higher Education – Business and Community Interaction (HE BCI) survey, the essential source of information on university knowledge exchange in the UK, registered that our graduate social enterprise start-ups registered £4.6M in external investment received (placing City second in the UK). New this academic year, the Launch Accelerator Programme is a three-month scheme focused on expert-led learning, delivered by over 25 experienced entrepreneurs. The Laboratory is also focused on wellbeing, particularly mental health and offers access to qualified counsellors.

Fundraising

We fundraise with a view to funding 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 and tailored applications, we run a telephone fundraising campaign and this year, ran a direct mail fundraising campaign.

Public benefit statement

There were no formal complaints regarding fundraising at City in the past year.

The total income recognised from donations and legacies from 1 August 2021 to 31 July 2022 was £1.8M.

The ongoing effects of the Covid-19 pandemic have continued to be felt by our community and we are particularly grateful to donors who have supported our students to help them overcome the financial hardships that they have faced. We are very grateful to all our donors both those who have been able to continue supporting City and our students throughout the pandemic, and those who have generously decided to begin supporting this year.

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. The survey groups universities' fundraising performance into six clusters, with City being placed in the fourth of these, the Developing Cluster. There are 30 institutions in the Developing Cluster and 36 institutions in the clusters above. City is the 4th best performing within this group.

Trade Union Facility Time for the period 1 April 2021 to 31 March 2022

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 1 April 2021 to 31 March 2022.

| For the period 1 April 2021 to 31 March 2022 | |
|--|--------------------------------------|
| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
| 14 | 11.7 |
| Percentage of time spent on facility time | Number of employees |
| 0% | 0 |
| 1-50% | 12 |
| 51%-99% | 2 |
| 100% | 0 |
| Total cost of facility time | £203,135 |
| Total pay bill | £153,011,011 |
| Percentage of total pay bill spent on facility time | 0.13% |
| Hours spent on paid facility time | 6,476 |
| Hours spent on paid trade union activities | 0 |
| Percentage of total paid facility time hours spent on paid trade union activities | 0% |

Corporate governance statement

The following statement provides for readers of the financial statements a short explanation of City's corporate governance arrangements.

City is an independent corporation, governed by a Royal Charter, first granted in 1966 and amended by a supplemental Charter which came into effect on 1 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:

- **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.
- **Rector** – The Rector is the honorary head of City who presides over the Court (Annual Stakeholders Meeting) and confers awards on behalf of City. The Rector is, ex-officio, the Lord Mayor of the City of London. The ceremonial and supportive role performed by the Rector is highly valued by City.
- **President** – The President assumes the role of Chief Executive Officer of City.

City's Charter and Statutes are available at www.city.ac.uk/about/governance/charter-and-statutes.

City structures its governance arrangements in conformity with the ongoing requirements of registration with the Office for Students (OfS) as a provider of higher education to students; and 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 1 April 2018, the OfS has been the 'principal regulator' for charity law purposes of those English universities which are exempt charities. City's Council members act as trustees for charitable law purposes.

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 Operating 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 sixteen members on 31 July 2022, of whom eleven, including the Chair and Deputy Chair, were external independent members. There were two vacancies for independent members. The staff and student members of Council at that date comprised City's President, Chief Operating Officer, Director of Human Resources, one Dean and the President of the City Students' Union. There were two staff vacancies.

A term of office for a Council member is limited to three years or for such shorter period as Council may determine. Members are eligible for re-appointment but may not serve more than three terms of three years or nine years in total with the exception of a member who becomes Chair of Council who can then serve a further two terms of three years as Chair.

Council has six committees: Senate, an Audit and Risk Committee (ARC), a Corporate Governance and Nominations Committee (CGNC), a Remuneration Committee (RemCo), a Strategy, Implementation and Performance Committee (SIPCo) and a Development Committee (DevCo), which was established by Council at its meeting in March 2022 and met for the first time in September 2022.

All of these Committees are formally constituted with terms of reference. These terms of reference may be read in full at www.city.ac.uk/about/governance/policies/city-university-of-london-ordinances. Membership of Council Committees is set out at www.city.ac.uk/about/governance.

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 City 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. 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 in 2021/22.

City uses executive search to assist in the appointment of members of Council. In 2021/22, two independent members of Council were appointed. The appointment process seeks to match individuals' skills and experience with City's aims and the terms of reference and priorities of Committees. The process City has followed seeks to strengthen Council's membership and increase the diversity of its membership.

Council members do not have service contracts or receive any payment for the work that they do for City, apart from the re-imbursment of expenses. City maintains a Register of Interests of members of the Council, which may be viewed on City's Governance web pages.

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

The minutes of Council appear on the governance public web pages following their approval by Council. A short report on the Council meeting is sent to all staff a day or so after the meeting and staff can access all the papers on the intranet except those that are closed. 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 Remuneration Committee, which are described below.

Council had six meetings in 2021/22, one of which was an away day. Meetings of Council in 2021/22 were held in person with arrangements for those unable to attend to be present through MS Teams. Most meetings of Committees were also held in person, but some were held through MS Teams.

City's governance arrangements seek to ensure that all Council members fully participate in Council discussions and that there are constructive relationships between the Executive and the Council.

Corporate governance statement

There is an annual appraisal scheme for all Council members, which also serves as an annual review of the adequacy and effectiveness of governance arrangements. 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.

In 2021/22 an external and independent review of Council effectiveness was conducted for Council by Minerva. This found that governance was working well and effectively at City.

Audit and Risk Committee (ARC)

This Committee receives a report on the financial statements from the external auditors. It reviews and scrutinises the financial statements and recommends their approval by Council after any necessary changes have been made. It reviews and approves the internal audit programme for the year, including where appropriate arrangements for auditing the regularity and propriety of the use of public funding at City. It considers detailed internal audit reports and recommendations for the improvement of City's systems of internal control, together with the Executive's response and implementation plans. The Committee also reviews the achievement of Value for Money (VfM) within the institution and monitors City's risk management processes.

The Committee receives reports from the Executive in order to inform its judgments – specifically an assurance from the President on internal controls and reports on VfM and data quality. Each year the Committee gives Council an opinion on the adequacy and effectiveness of City's arrangements for: risk management, control, governance, VfM, and the management and the quality of data submitted to the Higher Education Statistics Agency (HESA) and OfS.

The Committee is chaired by Ms Kru Desai, an independent member of Council. 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 in 2021/22. It regularly met the President and (from June 2022) the Chief Operating Officer without other members of the Executive or the auditors being present, to discuss risk. During the year, the Committee met risk owners on a rolling programme to discuss the management of those risks in more detail. It also regularly received the risk register and commented on it before it was considered by Council, which it does on a bi-annual basis. The Committee reviews its own effectiveness and the effectiveness of the internal and external auditors on an annual basis.

Corporate Governance and Nominations Committee (CGNC)

This Committee advises Council on matters concerning City's corporate governance capability, structural arrangements and practices, membership of the Council and its Committees, and amendments to the Charter, Statutes and Ordinances. This Committee is also responsible for making recommendations to Council on nominations for honorary degrees.

CGNC met three times in 2021/22 and was chaired by Professor Chris Jenks, an independent member of Council until 31 December 2021. From 1 January 2022, the Committee has been chaired by Dr Andrew Mackintosh, an independent member of Council.

CGNC recommended for approval to Council the appointment of two independent members of Council and membership changes to Council Committees.

The Committee also recommended seven candidates for Honorary Degrees.

Remuneration Committee (RemCo)

The Committee determines the terms and conditions of employment of the President, members of the Senior Leadership Team, the Deans, the College Secretary and the Director of Internal Audit. It also reviews and determines the remuneration for higher paid staff, as defined by OfS, including the above, taking into account recommendations from the Chair of Council or the President. Until March 2022, the Committee's Terms of Reference also required it to keep under review, progress in addressing equality, diversity and inclusion issues at City. From April 2022, the responsibility for reviewing progress on these issues was transferred to SIPCo, as part of its remit to review performance issues and the implementation of strategy, although RemCo retained its remit to provide assurance to Council on statutory reporting on equality, diversity and inclusion.

RemCo met four times in 2021/22 and is chaired by Ms Jen Tippin, an independent member of Council.

The Committee is advised by a Director from the KornFerry 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 when required but is not a member of the Committee. The President is not present when his remuneration is considered or set.

A report on the work of the Committee in determining the remuneration of senior and higher paid staff are given in the annual remuneration statement on page 15. This has been compiled in accordance with the CUC Higher Education Senior Staff Remuneration Code.

Open minutes of the meetings of the RemCo are available at www.city.ac.uk/about/governance/council/remuneration-committee. Details of the attendance of members at meetings of RemCo are noted in the minutes of RemCo meetings.

Strategy, Implementation and Performance Committee (SIPCo)

SIPCo was established to allow more time than is available at Council for independent Council members to consider strategic issues, review progress in delivering City's Vision & Strategy, and to monitor City's performance in the round and that of its 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 in 2021/22 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 2022.

Development Committee

In March 2022, Council established a Development Committee to oversee City's development agenda, fundraising strategy and implementation plans; provide advice on ethical issues, processes, donor approval and reputational risk; and acts as a forum to identify and agree on priority projects for fundraising and to support the development and implementation of fundraising campaigns to support income generation. The Committee also monitors the activities and progress of City's fundraising.

The Committee met for the first time in September 2022 and is chaired by Mr Ron Zeghibe, an independent member of Council.

Corporate governance statement

Senate

Senate has delegated authority from Council for the enhancement of academic quality and assurance of academic standards and is chaired by the President. From 20 October 2021 to February 2022, the composition allowed 15 ex-officio positions and an equal number of members elected from the academic staff, plus up to five students and a member of staff elected from Visiting Academic Staff, making a potential total membership of up to 36. The composition of Senate was updated in early 2022 to include Vice-President (Digital and Student Experience). This took the total ex-officio membership to 16 making a total membership of up to 38. The composition of Senate was further increased at the start of the 2022/23 academic year to take account of the changes to School names and structures. This took the ex-officio membership to 17 making a total membership of up to 40.

Elected Members are appointed for a three year period and at least two elected members must be drawn from each Board of Studies area, 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) 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. Dr Anton Cox has taken up the position of SES, effective from 19 October 2022, subject to Senate and Council approval. He has replaced Professor Rachel Cohen who has served two terms as SES. The SES has the right to raise such matters directly with the Chair of Council. The role ensures that there is an alternative route of communication to Council for members of Senate if they have concerns in respect of academic quality and/or standards that have not been addressed by the President and the Executive.

Senate delegates many of its responsibilities to the President and to its sub-committees. The key sub-committees are eight Boards of Studies (increased from seven on 1 August 2022), Assessment Boards, Education and Employability Board, Educational Quality Committee, Research Ethics Committee, Collaborative Provision Committee and Academic Governance Committee. On research issues, the Research and Enterprise Committee acts as a sub-committee of Senate on research issues and reports directly to Senate on research issues. On enterprise issues, the reporting line of the Committee is to the Vice-President (Enterprise, Employability and Engagement). Internal Audit supports Senate and its sub-committees in reviewing, on a rolling basis, processes agreed by Senate, to ensure they are operating appropriately.

Senate met five times in 2021/22. Minutes and papers are available to the public on the website at www.city.ac.uk/about/governance/senate, although restricted papers are only available to staff and students. A short report on the Senate meeting is sent to all staff a day or so after the meeting.

The Chair of Senate used their powers as President to suspend or depart from Senate Regulations to enable City to enable students to progress or graduate, while City was affected by the government response to the Covid-19 pandemic. The period of suspension came to an end on 6 September 2021. (However, the suspension that had taken place continued to allow for the conferment of awards to students by the President for those affected by the pandemic over the period for which Regulations had been suspended). In-person Graduation resumed in January 2022.

In 2021/22 meetings of Senate took place in person but with the ability to attend remotely via MS Teams for any Senators unable to attend in person.

President

Council delegates authority and responsibility for the management of the institution to the President, as City's Chief Executive Officer. The President is also City's accountable officer under the terms of the OfS terms and conditions of funding for higher education institutions. This means that the President is personally responsible for ensuring compliance with the 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 ethos. The President also has general responsibility to the Council for maintaining and promoting the efficiency and good order of City.

The President is personally responsible for the exercise of the powers delegated to him in the delegations framework agreed by Council but is advised by members of the Executive in the exercise of his powers.

Professor Sir Anthony Finkelstein was the President at City during 2021/22 and was advised over this period by a Senior Leadership Team comprising the Acting Deputy President, Vice-Presidents, Deans of City's Schools, its Chief Operating Officer, Chief Financial Officer, Director of Human Resources and Director of Marketing & External Relations.

Annual remuneration statement

In determining the remuneration of the President and of senior and higher paid staff as defined in City's Ordinances, the Remuneration Committee (RemCo) works within the context of City's remuneration and Human Resources strategies. City's remuneration strategy is available at www.city.ac.uk/about/governance/council/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 and 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/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. This was the case in 2021/22.

All staff whose remuneration is determined by RemCo are eligible for membership of the Universities Superannuation Scheme.

RemCo agreed the parameters of a new recognition award scheme in 2022 to enable awards to be made to senior staff on an exceptional basis in recognition of outstanding performance. Details of the new scheme are available at www.city.ac.uk/about/governance/council/remuneration-committee. Payments under the scheme will be determined by RemCo following the end of the financial year and is rewarded in respect of performance in that financial year.

For the 2021/22 year, the Chair of Council and the President determined that while the performance of several eligible staff might have merited an award, it would not be appropriate to make recommendations for awards under the scheme while City was developing its response to a national cost of living crisis.

President's remuneration

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

The President's total remuneration comprises: salary (including pay in lieu of pension contributions) and taxable benefits in kind (Professor Sir Anthony Finkelstein is entitled to private health care, as are all senior managers at City).

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. 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.

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. Tables which set out the ratios, when calculated on the basis required by the OfS Accounts Direction are given in note 8 to the accounts.

In June 2022, RemCo determined that for 2022/23 the remuneration of the President remained appropriate.

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 2021/22 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 amount retained by Professor Sir Anthony Finkelstein in 2021/22 from Non-Executive roles in external bodies was as follows: UK Research & Innovation £8,000; Metropolitan Police (for National Police Chief's Council) £1,500; Polecat Intelligence Ltd. £12,000; Gallos Technologies Ltd. £14,000.

Additionally, the President received a number of small one-off payments which, when summed, amounted to less than £5,000 in total.

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/remuneration-committee.

Expenses

City's expenses policy for members of staff is publicly available at www.city.ac.uk/about/governance/council/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 Contract of Service, 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/about/governance/council.

Under City's current Freedom of Information Code of Publication, details of all the expenses incurred by the President are published on a quarterly basis and are publicly available at www.city.ac.uk/about/governance/council/remuneration-committee.

Expenses reimbursed to Council members in 2021/22 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.

Membership of Council

Council comprised the following members for the period 1 August 2021 to 25 November 2022:

Rector

The Right Honourable, The Lord Mayor of London

Chair of Council

Ms J Palca

Deputy Chair of Council

Ms K Desai

President

Professor Sir A Finkelstein

Independent Members

Ms A Fresko (from 1 August 2022)

Mr S Harding-Roots

Mr A Haxby

Professor C Jenks (to 31 December 2021)

Mr T Lee-Warren

Dr A Mackintosh

Ms C McGuinness (from 1 May 2022)

Ms E Okobi

Mr A Prakash

Ms J Tippin

Staff Members

Ms M Luckiram

Ms C Rylatt (to 30 November 2021)

Ms H Watson (from 12 February 2022)

Professor D Salmon

Student Members

Ms S Dallali (to 30 June 2022)

Ms G Tsourrai (from 1 July 2022)

Honorary Rectors (not members of council)

The Hon Mr A Bagri

Professor Sir D Bone

Ms H Nouss

Mr R Woodward

Senior Elected Senator (not a member of council)

Dr R Cohen (to 19 October 2022)

Dr A Cox (from 19 October 2022)

Presidents and other key officers of the University

Professor Sir A Finkelstein, President

Professor A Jones, Deputy President (to 31 December 2021)

Professor D Salmon, Deputy President

(from 1 January 2022 to 30 August 2022)

Professor E Hill, Deputy President (from 1 September 2022)

Professor M Mera, Vice-President, Research (from 1 September 2021)

Professor S Quinsee, Vice-President, Education (interim)

(to 31 December 2021)

Professor S Quinsee, Vice-President, Digital & Student Experience

(from 1 January 2022)

Professor J John, Vice-President, Education (from 1 January 2022)

Dr S Robinson, Vice-President, Enterprise,

Engagement & Employability

Professor M Mera, Interim Dean, School of Arts and Social Sciences

(to 31 August 2020)

Professor J John, Dean, School of Arts and Social Sciences

(from 1 September 2020 to 31 December 2022)

Professor A Whitelock, Interim Dean, School of Arts and Social

Sciences (to 31 July 2022)

Professor A Whitelock, Dean, School of Communication & Creativity

(from 1 August 2022)

Professor C Lees, Dean, School of Policy & Global Affairs

(from 1 August 2022)

Professor R Roy, Dean, School of Science & Technology

Professor D Salmon, Dean, School of Health and

Psychological Sciences

Professor A Stockley, Dean, City Law School

(to 30 September 2022)

Professor R Ashcroft, Interim Dean of City Law School

(from 1 October 2022)

Professor V Volpin, Interim Dean, Bayes Business School

(to 31 December 2021)

Professor A Spicer, Dean, Bayes Business School

(from 1 January 2022, interim to 1 March 2022)

Ms H Watson, Chief Operating Officer (from 1 February 2022)

Ms M Luckiram, Director of Human Resources

Ms C Rylatt, Chief Financial Officer (to 30 November 2021)

Ms M O'Hara, Chief Financial Officer (from 1 December 2021)

Dr W Jordan, College Secretary

Statement of the responsibilities of City's Council and statement of internal controls

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 Office for Students (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 OfS 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:

- 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.

Statement of the responsibilities of City's Council and statement of internal controls

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 1 August 2021 to 25 November 2022.

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, staff retention, and recruitment and 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.

Our risk register will be reviewed and revised as necessary in 2022/23.

Prevent Duty

Council is required to provide assurance to OfS by 1 December each year that it has discharged effectively its responsibilities under the Prevent Duty. City's Council approved in November 2022 its Prevent Annual Report and Risk Assessment to OfS and authorised signature of the required annual assurance statement to OfS for the academic year 2021/22 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 for 2021/22. 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 performance

The financial results for 2021/22 are a reported deficit of £54.7M and total comprehensive income of £16.9M. However, when removing the large and volatile pensions movements, the results are an operating surplus of £1.0M and comprehensive income (excluding pension movements) of £12.3M. This is an improvement on the budget for 2021/22, when we were planning for a break even position and is similar to last year's operational surplus of £1.2M (after removing pension movements).

The results for the last year were still affected by the Covid-19 pandemic to a degree. International student recruitment was down against former expectations but on the other hand, expenditure was much lower than anticipated due to restricted international travel and reduced activity on campus. The pandemic-related financial impact for 2022/23 is expected to be much reduced with the risk being focussed on international student recruitment. Current indications are that international student recruitment for 2022/23 is holding to planned levels.

The past year has seen inflation emerge as a more significant risk to our future finances. Energy bills will be rising significantly and we anticipate higher levels of cost of living pay increases than in the past. This has required careful cost management measures with budgets being adjusted to properly reflect post-pandemic levels of activity. We are exploring ways to increase future income streams in line with the new strategy beyond 2022/23. Consequently, we are expecting to have adequate liquidity resources over the foreseeable future and are not anticipating the need to access any additional borrowing.

Summary results for the year

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

| | 2021/22 | 2020/21 |
|---|---------------|--------------|
| | £M | £M |
| Income | 262.2 | 246.5 |
| Expenditure | 328.2 | 252.6 |
| Operating loss | (66.0) | (6.2) |
| Gain on investments | 0.3 | 2.8 |
| Gain on sale of fixed assets | 11.1 | 0 |
| Share of operating loss in joint venture | (0.1) | (0.2) |
| Taxation | (0.1) | (0.1) |
| Loss for the year | (54.8) | (3.8) |
| Actuarial gain / (loss) in respect of pension schemes | 71.7 | (3.8) |
| Total comprehensive income/ expense for the year | 16.9 | (7.6) |

This year's reported results are once again being skewed by several large pensions related movements that are outside our direct control and influence and do not reflect our operational or cash generating performance. These movements total a positive £4.6M for 2021/22 (negative £11.2M in 2020/21) and go through the various lines on the SOCIE as follows:

| | 2021/22 | | | 2020/21 | | |
|---|---------------|-------------|--------------|-------------|--------------|-------------|
| | LPFA £M | USS £M | Total £M | LPFA £M | USS £M | Total £M |
| Movement on pension provision | 7.6 | 57.8 | 65.4 | 6.6 | (0.5) | 6.1 |
| Interest and other finance costs | 1.4 | 0.3 | 1.7 | 1.0 | 0.3 | 1.3 |
| | 9.0 | 58.1 | 67.1 | 7.6 | (0.2) | 7.4 |
| Actuarial (gain) / loss in respect of pension schemes | (71.7) | 0.0 | (71.7) | 3.8 | 0.0 | 3.8 |
| | (62.7) | 58.1 | (4.6) | 11.4 | (0.2) | 11.2 |

Removing these adjustments indicates that we have actually made an operating surplus of £1.0M and achieved a surplus and total comprehensive income of £12.3M for the year as summarised in the table below.

| | 2021/22 | 2020/21 |
|---|-------------|------------|
| | £M | £M |
| Income | 262.2 | 246.5 |
| Expenditure (excluding pensions) | 261.2 | 245.3 |
| Operating surplus (excluding pensions) | 1.0 | 1.2 |
| Gain on investments | 0.3 | 2.8 |
| Gain on sale of fixed assets | 11.2 | – |
| Share of operating loss in joint venture | (0.1) | (0.2) |
| Taxation | (0.1) | (0.1) |
| Surplus for the year (excluding pensions) | 12.3 | 3.6 |
| Actuarial gain / (loss) in respect of pension schemes | – | – |
| Total comprehensive income for the year (excluding pensions) | 12.3 | 3.6 |

These results reflect our core financial performance at an operational level, and the operating surplus line is used to measure our financial performance internally and for preparing future forecasts.

The key variances between the 2021/22 and 2020/21 results are summarised as follows:

Income: Fee income is £13.3M higher than in 2020/21 due to recruitment catching up to pre-pandemic levels. Research grant income is £1.6M higher than the previous year. This is due to the post-pandemic increase in research activity. Other income within 2021/22 includes a one off £4.4M receipt relating to a property transaction. The £2.4M reduction in funding body grants is mainly due to the loss of London weighting being applied to our recurrent teaching grant.

Expenditure: The £11.5M increase in staff costs is due to increases in staff numbers, salary, pension costs and National Insurance, as well as the one-off inclusion of a £3.7M provision for potential costs of operating internationally. Other operating expenses increased by £7.4M. The £55.7M net increase in pensions provisions and holiday accrual is driven by the £59.6M increase in Universities Superannuation Scheme (USS) pension provisions and the £3.9M swing in holiday accrual between the two years.

Further down the adjusted SOCIE, the surplus for the year (excluding actuarial gains and losses in respect of pensions schemes) is £12.3M. This arises due to gains on the sale of two properties of £11.2M and on our endowment portfolio of £0.3M; City's share of the 2021/22 loss from the INTO joint venture £0.1M and overseas taxes of £0.1M being incurred in the year.

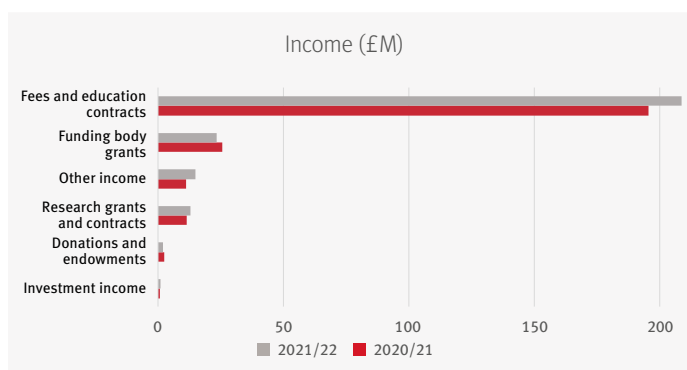
These variances are discussed in more detail within the relevant sections later in the report.

Financial report

Income

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

| | 2021/22 | 2020/21 |
|-------------------------------|--------------|--------------|
| | £M | £M |
| Fees and education contracts | 208.7 | 195.4 |
| Funding body grants | 23.2 | 25.0 |
| Other income | 14.8 | 11.7 |
| Research grants and contracts | 12.9 | 11.3 |
| Donations and endowments | 1.8 | 2.4 |
| Investment income | 0.8 | 0.7 |
| Total income | 262.2 | 246.5 |



Total income increased by £15.7M (6.4 per cent) to £262.2M.

Fee and education contract income increased by £13.3M, and research grants and contract income increased by £1.6M. Both of these were driven mainly by the post-pandemic recovery of international student numbers and research activity.

Other income for 2021/22 included a one-off amount of £4.4M relating to a property transaction. Within 2020/21 there was also an amount of £4.2M relating to another one-off property transaction. Taking both of these one-off amounts into account, it means that other income (excluding the property transactions) actually increased by £2.9M, to £10.4M as shown in the table below. These increases are driven by the post-pandemic impact on these income streams easing as on campus activity recovered and new income sources.

| | 2021/22 | 2020/21 |
|---------------------------------|-------------|-------------|
| | £M | £M |
| Catering and conference income | 0.9 | 0.2 |
| Other services rendered | 3.1 | 2.7 |
| Other income | 6.4 | 4.6 |
| | 10.4 | 7.5 |
| One-off property related income | 4.4 | 4.2 |
| Total income | 14.8 | 11.7 |

The reduction in funding body grants is mainly due to the loss of London weighting being applied to our recurrent teaching grant.

The reduction in donation and endowment income of £0.6M is mainly due a large one-off donation being received in 2020/21.

Investment income was broadly flat at £0.8M across both years.

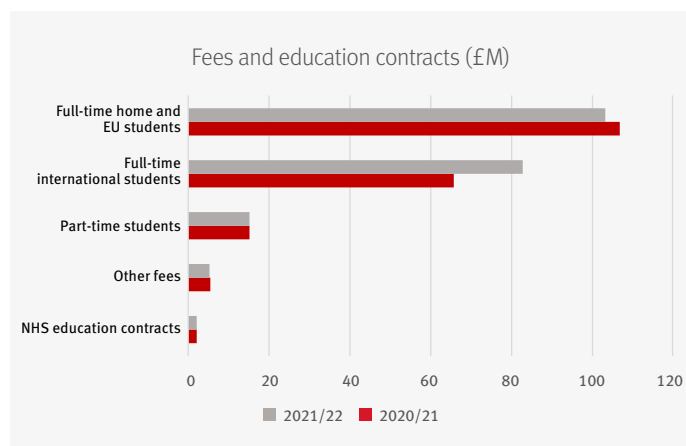
Fee and education contracts

Fees from full-time international students increased by £17.1M and home students decreased by £3.7M, indicating the post-pandemic recovery on international student recruitment and reduction of home students in regards to the large increases in 2020/21.

Part-time student income remained flat at £15.1M, maintaining the large increases achieved the previous year. NHS contract income and other fee income was also flat at £2.2M and £5.3M.

This is shown in the table and graph below.

| | 2021/22 | 2020/21 |
|----------------------------------|--------------|--------------|
| | £M | £M |
| Full-time home students | 103.2 | 106.9 |
| Full-time international students | 82.9 | 65.8 |
| Part-time students | 15.1 | 15.1 |
| Other fees | 5.3 | 5.4 |
| NHS education contracts | 2.2 | 2.2 |
| Total income | 208.7 | 195.4 |

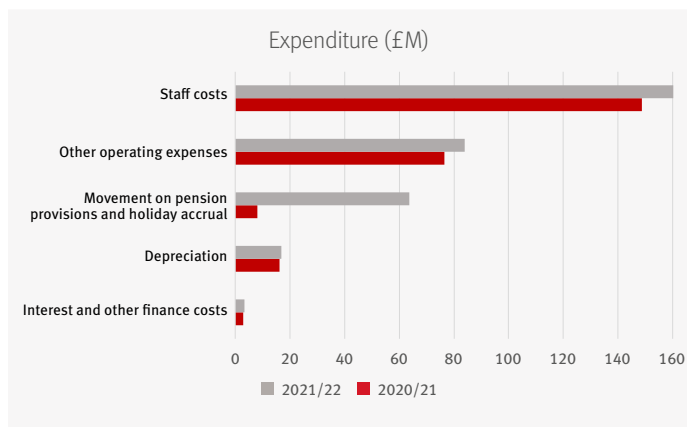


Expenditure

The table and graph below analyses our reported expenditure for 2021/22 compared to the previous year.

| | 2021/22 | 2020/21 |
|----------------------------------|--------------|--------------|
| | £M | £M |
| Staff costs | 160.3 | 148.8 |
| Other operating expenses | 84.0 | 76.6 |
| Depreciation | 16.8 | 16.1 |
| Interest and other finance costs | 3.3 | 3.0 |
| Core expenditure | 264.4 | 244.5 |
| Movement on holiday accrual | (1.7) | 2.0 |
| Movement on pension provisions | 65.4 | 6.1 |
| Total expenditure | 328.1 | 252.6 |

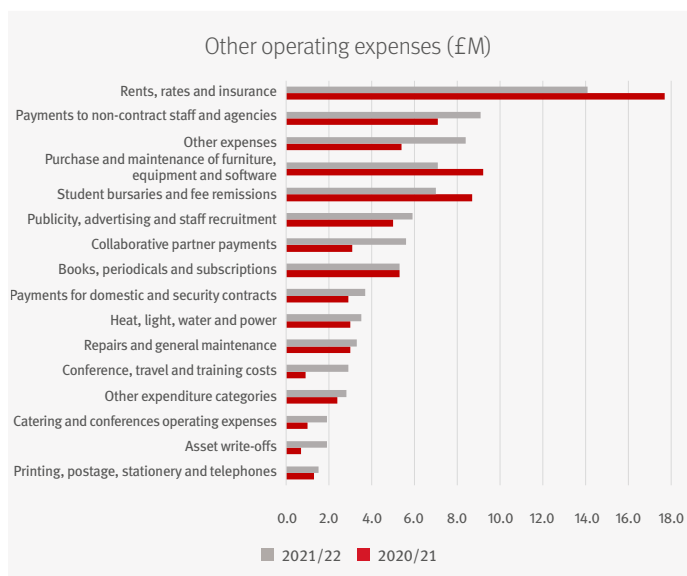
Financial report



Core expenditure, as seen from the table above, increased by £19.9M (8.1 per cent) compared to the previous year.

Staff costs for 2021/22 include a provision of £3.7M for potential costs of operating internationally. Taking this into account, the core staff costs increased by £7.8M, reflecting increases in staff numbers, salaries, National Insurance and pensions costs.

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



Other operating expenses, excluding depreciation, increased by £7.4M (9.5 per cent) to £84.0M.

These main variances are due to the following:

- Conferences, travel, training, collaborative partner payments, non-contract staff and other expenses all increased in 2021/22 due to the recovery of activity following the pandemic lockdowns
- The decrease in rents is mainly due to the additional halls void costs that went through in 2020/21 as a result of reduced student hall occupancy
- Student bursaries and fee remissions decreased by £1.7M
- The decrease in costs of furniture, equipment, etc. is mainly due to the large one-off costs going through for the completion of The City Law School building in 2020/21

- Asset write-offs increased by £1.3M, consequent on changes to City's estates plans
- The majority of the other increases were planned budget increases.

Depreciation increased by £0.7M to £16.8M, reflecting the introduction of depreciation for the City Law School building for the first year.

Interest and other finance costs remained relatively constant at around £3.4M (£3.0M in 2020/21), with the increase of £0.4M relating to the LPFA pensions charge.

These are shown in the table below.

| | 2021/22 £M | 2020/21 £M |
|------------------------|---------------|---------------|
| Charge on LPFA pension | 1.4 | 1.0 |
| Charge on USS pension | 0.3 | 0.3 |
| | 1.7 | 1.3 |
| Interest on borrowings | 1.7 | 1.7 |
| | 3.4 | 3.0 |

FRS 102 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:

| | 2021/22 £M | 2020/21 £M |
|-----------------------------|---------------|---------------|
| Movement on USS provision | 57.8 | (0.5) |
| Movement on LPFA provision | 7.6 | 6.6 |
| Movement on holiday accrual | (1.7) | 2.0 |
| Total movements | 63.7 | 8.1 |

The increase in the movement on the USS provision of £58.3M within 2021/22 reflects the increased forecast liability for our portion of the USS deficit recovery plan, based on the USS valuation at 31 March 2020. More information on this can be found in note 29 of the accounts.

The movement of the LPFA provision is due to changes in the actuarial assumptions being applied to the LPFA scheme. This is mainly being driven by the pandemic's impacts on global markets and forecast future returns. The actuarial gain of £71.2M (further below the SOCIE) is due to changes in the updated actuarial assumptions relating to the LPFA's forecast liabilities and asset values being applied.

The large year-on-year movement of £3.7M relating to the holiday accrual is due to the reduction of the overall annual leave carried over between the two years. For 2021/22 an average of 13.9 days was carried over per staff member and for 2020/21 it was 18.0 days.

Financial report

Financial position

Capital projects

The value of our tangible fixed assets decreased by £10.3M to £388.0M. This is due to the planned disposal of two properties within the year. These comprised the sale of the residence at 20 Myddelton Square and the ex property for The City Law School at Princeton Street, a long-term leasehold property.

A large property related transaction has been agreed, post year end. See note 30

Pensions

City participates 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 therefore unable to identify our share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS 102, we account for the scheme as if it were a defined contribution scheme. The scheme was last subject to a triennial valuation as at 31 March 2020.

Under FRS 102, 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 2021/22 is estimated to be £92.9M and has been accounted for as such. This is a large increase from the previous year (£34.8M) and is reflective of us now accounting for the scheme using the March 2020 valuation results, whereas the previous year was based on the March 2018 valuation results.

The LPFA scheme currently shows an FRS 102 deficit of £23.6M for City, a large decrease of £62.7M from 2020/21. This is based on changes in the actuarial assumptions underpinning the present value of the liabilities of the scheme as well as large increases in the value of the scheme's assets. Our share of the LPFA scheme deficit is reflected in the statement of financial position in accordance with FRS 102. 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.

Investments

FRS 102 and the further education/higher education 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:

| Allocation of investments | Non-current asset investments | Current asset investments | Cash and cash equivalents | 2021/22 Total | 2020/21 Total |
|--|-------------------------------|---------------------------|---------------------------|---------------|---------------|
| | £M | £M | £M | £M | £M |
| Working capital cash | - | 10.0 | 77.0 | 87.0 | 79.2 |
| Endowments and restricted reserves | 18.2 | - | 0.4 | 18.6 | 18.3 |
| Bonds relating to postgraduate student loans | 0.5 | - | - | 0.5 | 0.8 |
| Investments in spin-out companies | 0.1 | - | - | 0.1 | 0.1 |
| Total | 18.8 | 10.0 | 77.4 | 106.2 | 98.4 |

City's working capital cash of £87.0M and endowment and restricted reserves of £18.6M continue to be managed in accordance with our Investment Policy and under the management of our external investment managers.

The balance of our investments comprises £0.5M bonds relating to postgraduate loans and £0.1M of shares in various City spin-out companies.

Cash flows

City's financial statements show a balance of cash and cash equivalents of £77.4M at the year end. This is a £1.1M decrease from 2020/21, which arises due to a net increase of cash generated by operations of £6.1M, offset by a net increase in spending of £5.5M on investing activity and paying out £1.7M on interest payments. The £5.5M of investing activity is made up of the £17.4M proceeds from asset sales, investment income of £0.8M, capital grant receipts of £0.6M, sale of non-current investments of £0.4M, all being offset by capital expenditure of £15.6M and a decrease of current asset investments of £9.0M.

Our cash levels and liquidity position remain healthy at year-end and it is not anticipated that we will require additional liquidity resources in the short to medium term. The recovery of our income streams, coupled with careful cost management, is expected to mean our cash reserves are still maintained and do not need to be supplemented by additional borrowing.

Borrowings

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

We continue to monitor our future borrowing requirements, consequent on our future investment plans. City has no current need or plans to borrow any additional funds.

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 2021/22 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 SOCIE and statement of financial position. The other subsidiary is City Entrepreneurship Limited which holds various investments relating to Bayes Business School.

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 2021/22 was a small loss of £0.1M (£0.3M loss in 2020/21). The losses are due to the Covid-19 pandemic's impact on the joint venture's finances within both years.

Financial report

Financial sustainability and going concern

Financial sustainability

Our Financial and Investment Plan demonstrates that we continue to remain financially sustainable. The Investment Plan is being refreshed to reflect the spending required to deliver the updated strategy. The Financial Plan demonstrates 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. We are still aiming to generate a post-investment surplus of between 2 per cent and 3 per cent of income in the medium term and beyond.

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

| | 2021/22 | 2020/21 |
|--|----------|----------|
| External borrowing as a percentage of total income | 23% | 24.5% |
| Net cash flow from operating activities as a percentage of total income | 2.3% | 9.1% |
| Net liquidity days | 102 days | 123 days |
| Core staff costs (excl. pension movements and holiday accrual) as a percentage of total income | 61.1% | 60.4% |

These indicators continue to demonstrate that we remain financially strong and cash generative.

Our investment plans and projects are under regular review and are prioritised 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.

Going concern

The Chief Financial Officer, on behalf of City's Senior Leadership Team, has assessed whether City, University of London is a going concern in reference to its Financial and Investment Plan. City's Financial and Investment Plan covers its financial performance, financial position and cash flows for the next five years and beyond and incorporate well balanced assumptions, driven by sensitivity modelling and scenario analysis, within it. This includes modelling possible income changes, expenditure increases and mitigating actions.

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 £406.9M, a positive balance of cash and current investments of £87.4M at the year-end 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. 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.

Mrs Marion O'Hara
Chief Financial Officer

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's 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 2022 and of the group's and 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 at 31 July 2022, and the consolidated and City statement of comprehensive income and expenditure, the consolidated and City statements of changes in reserves, and the consolidated statement of cash flows for the year then ended; the 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and City's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

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 17, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the institution/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Office for Students initial and general ongoing condition of registration, and the Office for Students' Accounts Direction (OfS 2019.41), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the

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

manipulation of key accounting judgments and estimates. Audit procedures performed included:

- Enquiry of management and the members of Council, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of the Council and Council subcommittees, including the Audit and Risk Committee;
- Reviewing terms and conditions of significant contracts;
- Reviewing correspondence with regulators including the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education;
- Understanding and evaluating the Group's control environment;
- Identifying and testing journal entries, including journal entries posted with unusual account combinations to income accounts;
- Testing the recognition of research grant expenditure against the terms of the grant awards;
- Assessing the reasonableness of key accounting judgments and estimates including USS and LPFA pension accounting; and
- Assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 the 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Statement of accounting policies

1. Accounting convention

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 31 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.

2. 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).

City's activities, together with the factors likely to affect its future development, performance and position, are set out in the financial report. The financial report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities. Council has a reasonable expectation that City has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

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

3. 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.

4. 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 31 July 2022. 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.

5. 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.

Tuition 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

The funding body grant is recognised in the year it is received. The 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

Some 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 unrestricted endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for City's general benefit without specific restrictions applied to them
3. Expendable restricted endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and City may expend 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.

Statement of accounting policies

Where donations of tangible assets are given, this would be included within income. Paragraph PBE34.73(b) of FRS 102 requires income from donations of fixed assets to be measured at the fair value of the fixed asset.

6. 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.

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.

7. Employment benefits

Short-term employment benefits, such as salaries and compensated absences, are recognised as an expense in the year in which the employees render service to City. Any unused benefits are accrued and measured as the additional amount City expects to pay as a result of the unused entitlement. Unused annual leave is accrued for as the amount City would have to pay to an employee for untaken holiday if they were to leave on 31 July.

8. 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.

9. 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.

10. Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in surplus or deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Statement of accounting policies

11. Fixed assets

Land and buildings

Operational freehold and leasehold 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 further education/higher education SORP, are measured at deemed cost, being the revalued amount at 31 July 2014 on transition to FRS 102.

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

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

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

Equipment

Equipment purchase by City 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.

Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the statement of comprehensive income and expenditure.

Borrowing costs

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

12. 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.

13. Stock

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

14. 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.

15. Provisions, contingent assets and liabilities

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 probable 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.

16. 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.

Statement of accounting policies

17. Financial instruments

City has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement 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.

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. 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.

18. 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.

19. 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.

20. 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 and liabilities and 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:

Judgments

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.

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.

Provision for operating internationally – City has identified several staff members that have been working overseas and who have potentially triggered tax and social security obligations there. City has therefore provided for these by estimating the potential exposure value for this by taking the relevant staff members' salaries over the time they have been working overseas and using an average rate to cover the potential tax and social security exposure. The rate has been reviewed with professional advisors and is deemed to be a reasonable and representative estimate to use.

Statement of accounting policies

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 Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense charged through the statement of comprehensive income and expenditure in accordance with section 28 of FRS 102. Council are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and City 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.

The liability is calculated using agreed rates but the estimates are driven by discount rate and staff assumptions as detailed in note 29.

A sensitivity analysis with regards to the USS pension scheme can be found 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 31 March 2019 rolled forward using the latest financial assumptions.

More details can be found in note 29.

Consolidated and City statement of comprehensive income and expenditure for the year ended 31 July 2022

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------|-------------------------|-----------------|-------------------------|----------------|
| | | Group £000 | City £000 | Group £000 | City £000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 208,656 | 208,656 | 195,338 | 195,338 |
| Funding body grants | 2 | 23,250 | 23,250 | 25,016 | 25,016 |
| Research grants and contracts | 3 | 12,866 | 12,866 | 11,246 | 11,246 |
| Other income | 5 | 14,762 | 14,761 | 11,725 | 11,725 |
| Investment income | 6 | 810 | 795 | 699 | 699 |
| Donations and endowments | 7 | 1,804 | 1,804 | 2,434 | 2,434 |
| Total income | | 262,148 | 262,132 | 246,458 | 246,458 |
| Expenditure | | | | | |
| Staff costs | 8 | 160,296 | 160,296 | 148,842 | 148,842 |
| Movement on pension provision and holiday accrual | 8 | 63,716 | 63,716 | 8,048 | 8,048 |
| Other operating expenses | 10 | 84,003 | 83,992 | 76,612 | 76,601 |
| Depreciation | 13 | 16,829 | 16,829 | 16,097 | 16,097 |
| Interest and other finance costs | 9 | 3,338 | 3,338 | 3,021 | 3,021 |
| Total expenditure | | 328,182 | 328,171 | 252,620 | 252,609 |
| Deficit before other losses and share of operating surplus of joint venture | | (66,034) | (66,039) | (6,162) | (6,151) |
| Gain on sale of fixed assets | 13 | 11,192 | 11,192 | 0 | 0 |
| Gain on investments | 14 | 313 | 313 | 2,756 | 2,756 |
| Share of operating deficit in joint venture | 15 | (86) | 0 | (246) | 0 |
| Deficit before tax for the year | | (54,615) | (54,534) | (3,652) | (3,395) |
| Taxation | 12 | (105) | (112) | (114) | (114) |
| Deficit for the year | | (54,720) | (54,646) | (3,766) | (3,509) |
| Other comprehensive income/(expense) | | | | | |
| Actuarial gain/(loss) in respect of pension schemes | 20 | 71,668 | 71,668 | (3,791) | (3,791) |
| Total comprehensive income/(expense) for the year | | 16,948 | 17,022 | (7,557) | (7,300) |
| Represented by: | | | | | |
| Endowment comprehensive income for the year | 21 | 965 | 965 | 1,118 | 1,118 |
| Restricted comprehensive income for the year | 22 | 288 | 288 | 1,629 | 1,629 |
| Unrestricted comprehensive income/(expense) for the year | | 15,695 | 15,769 | (10,304) | (10,047) |
| | | 16,948 | 17,022 | (7,557) | (7,300) |

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 31 July 2022

| Group | Income and expenditure reserve | | | Revaluation reserve | Total |
|--|--------------------------------|---------------|-----------------|---------------------|----------------|
| | Endowment | Restricted | Unrestricted | | |
| | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 August 2020 | 5,259 | 9,976 | 41,722 | 202,099 | 259,056 |
| Deficit for the year | 1,125 | 4,022 | (8,913) | 0 | (3,766) |
| Other comprehensive expense | 0 | 0 | (3,791) | 0 | (3,791) |
| Release of restricted funds spent in year | (7) | (2,393) | 2,400 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 97 | 97 |
| Total comprehensive income/(expense) for the year | 1,118 | 1,629 | (10,305) | 97 | (7,460) |
| Balance at 31 July 2021 | 6,377 | 11,605 | 31,418 | 202,196 | 251,596 |
| Adjustment for City Entrepreneurship Limited | 0 | 0 | 35 | 0 | 35 |
| Surplus/(deficit) for the year | 490 | 1,983 | (57,192) | 0 | (54,719) |
| Other comprehensive expense | 0 | 0 | 71,668 | 0 | 71,668 |
| Release of restricted funds spent in year | 475 | (1,695) | 1,220 | 0 | 0 |
| Revaluation | 0 | 0 | (699) | (379) | (1,077) |
| Total comprehensive income/(expense) for the year | 965 | 288 | 14,997 | (379) | 15,872 |
| Balance at 31 July 2022 | 7,342 | 11,893 | 46,450 | 201,817 | 267,503 |
| City | | | | | |
| City | Income and expenditure reserve | | | Revaluation reserve | Total |
| | Endowment | Restricted | Unrestricted | | |
| | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 August 2020 | 5,259 | 9,976 | 44,079 | 202,099 | 261,413 |
| Surplus/(deficit) for the year | 1,125 | 4,022 | (8,656) | 0 | (3,509) |
| Other comprehensive expense | 0 | 0 | (3,791) | 0 | (3,791) |
| Release of restricted funds spent in year | (7) | (2,393) | 2,400 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 97 | 97 |
| Total comprehensive income/(expense) for the year | 1,118 | 1,629 | (10,047) | 97 | (7,203) |
| Balance at 31 July 2021 | 6,377 | 11,605 | 34,032 | 202,196 | 254,210 |
| Surplus/(deficit) for the year | 490 | 1,983 | (57,118) | 0 | (54,646) |
| Other comprehensive expense | 0 | 0 | 71,668 | 0 | 71,668 |
| Release of restricted funds spent in year | 475 | (1,695) | 1,220 | 0 | 0 |
| Revaluation | 0 | 0 | (698) | (379) | (1,077) |
| Total comprehensive income/(expense) for the year | 965 | 288 | 15,072 | (379) | 15,945 |
| Balance at 31 July 2022 | 7,342 | 11,893 | 49,104 | 201,817 | 270,155 |

Consolidated and City statement of financial position as at 31 July 2022

| | Note | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|------|-----------------------|----------------------|-----------------------|----------------------|
| Non-current assets | | | | | |
| Tangible assets | 13 | 387,960 | 387,960 | 398,339 | 398,339 |
| Investments | 14 | 18,895 | 19,805 | 18,932 | 19,842 |
| | | 406,855 | 407,765 | 417,271 | 418,181 |
| Current assets | | | | | |
| Stock | | 16 | 16 | 22 | 22 |
| Trade and other receivables | 16 | 31,377 | 31,377 | 14,800 | 14,824 |
| Investments | 17 | 10,030 | 10,030 | 1,000 | 1,000 |
| Cash and cash equivalents | 23 | 77,375 | 77,375 | 78,518 | 78,518 |
| | | 118,798 | 118,798 | 94,340 | 94,364 |
| Less: creditors; amounts falling due within one year | 18 | (56,795) | (56,762) | (56,685) | (56,631) |
| Share of net liabilities in joint venture | 15 | (1,711) | 0 | (1,625) | 0 |
| Net current assets | | 60,292 | 62,036 | 36,030 | 37,733 |
| Total assets less current liabilities | | 467,147 | 469,801 | 453,301 | 455,914 |
| Creditors: amounts falling due after more than one year | 19 | (79,418) | (79,418) | (80,562) | (80,561) |
| Provisions | | | | | |
| Pensions and other provision | 20 | (120,228) | (120,228) | (121,143) | (121,143) |
| Total net assets | | 267,501 | 270,155 | 251,596 | 254,210 |
| Restricted reserves | | | | | |
| Income and expenditure reserve - endowment reserve | 21 | 7,342 | 7,342 | 6,377 | 6,377 |
| Income and expenditure reserve - restricted reserve | 22 | 11,893 | 11,893 | 11,605 | 11,605 |
| Unrestricted reserves | | | | | |
| Income and expenditure reserve - unrestricted | | 46,450 | 49,104 | 31,418 | 34,032 |
| Revaluation reserve | | 201,817 | 201,817 | 202,196 | 202,196 |
| Total reserves | | 267,501 | 270,155 | 251,596 | 254,210 |

All items of income and expenditure relate to continuing activities. The notes on pages 35 to 55 form part of the financial statements.

The financial statements on pages 31 to 55 were approved by Council and signed on its behalf by:

Ms Julia Palca
Chair of Council

Professor Sir Anthony Finkelstein
President

Consolidated statement of cash flows for the year ended 31 July 2022

| | Notes | 2022 £000 | 2021 £000 |
|---|--------|----------------|----------------|
| Cash flow from operating activities | | | |
| Deficit for the year before tax | | (54,615) | (3,652) |
| Adjustment for non-cash items | | | |
| Depreciation | 13 | 16,829 | 16,097 |
| Asset write-off cost | 10 | 1,940 | 692 |
| Gain on endowment investments | 21, 22 | (313) | (2,756) |
| Decrease in stock | | 6 | 15 |
| (Increase) in debtors | 16 | (16,577) | (1,416) |
| (Decrease)/increase in creditors | 18, 19 | (1,034) | 6,703 |
| Increase in pension provision | 20 | 67,038 | 7,341 |
| Increase in other provisions | 20 | 3,715 | 0 |
| Share of surplus in joint venture | 15 | 86 | 246 |
| Adjustment for investing or financing activities | | | |
| Investment income | 6 | (810) | (699) |
| Interest payable | 9 | 1,720 | 1,743 |
| Gain on the sale of tangible assets | | (11,192) | 0 |
| Capital grant income | | (566) | (1,751) |
| Cash flows from operating activities | | 6,227 | 22,563 |
| Taxation | | (105) | (114) |
| Net cash inflow from operating activities | | 6,122 | 22,449 |
| Cash flows from investing activities | | | |
| Proceeds from sales of tangible assets | | 17,405 | 0 |
| Capital grants receipts | | 566 | 1,751 |
| Investment income | | 810 | 699 |
| Payments made to acquire tangible assets | 13 | (15,645) | (14,202) |
| Non-current investment disposals/(acquisitions) | | 350 | (320) |
| (Increase)/decrease in current asset investments | 17 | (9,030) | 6,810 |
| | | (5,544) | (5,262) |
| Cash flows from financing activities | | | |
| Interest payable on borrowings | 24 | (1,720) | (1,743) |
| | | (1,720) | (1,743) |
| (Decrease)/increase in cash and cash equivalents in the year | | (1,142) | 15,444 |
| Cash and cash equivalents at beginning of the year | | 78,518 | 63,074 |
| Cash and cash equivalents at end of the year | | 77,376 | 78,518 |

The notes on pages 35 to 55 form part of the financial statements.

Notes to the financial statements for the year ended 31 July 2022

1. Tuition fees and education contracts

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Full-time home students | 103,220 | 103,220 | 106,944 | 106,944 |
| Full-time international students | 82,888 | 82,888 | 65,771 | 65,771 |
| Part-time students | 15,055 | 15,055 | 15,114 | 15,114 |
| Education contracts with National Health Service | 2,194 | 2,194 | 2,130 | 2,130 |
| Other tuition fees | 5,299 | 5,299 | 5,379 | 5,379 |
| | 208,656 | 208,656 | 195,338 | 195,338 |

2. Funding body grants

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Recurrent grant | | | | |
| Office for Students | 6,503 | 6,503 | 8,549 | 8,549 |
| Research England | 11,551 | 11,551 | 11,351 | 11,351 |
| | 18,054 | 18,054 | 19,900 | 19,900 |
| Specific grants | | | | |
| Higher Education Innovation Fund | 1,710 | 1,710 | 1,858 | 1,858 |
| National Productivity Investment Fund | 174 | 174 | 174 | 174 |
| Knowledge Exchange Collaboration | 103 | 103 | 0 | 0 |
| Research and Knowledge Exchange | 86 | 86 | 0 | 0 |
| Global Challenges Research Fund | 0 | 0 | 736 | 736 |
| World Class Laboratories | 38 | 38 | 207 | 207 |
| Office for Students Student Hardship Funds | 0 | 0 | 366 | 366 |
| Research England Student Hardship Funds | 32 | 32 | 0 | 0 |
| Ukrainian Hardship Funding | 200 | 200 | 0 | 0 |
| Strategic Priorities Fund | 105 | 105 | 104 | 104 |
| Enhancing Research Culture | 161 | 161 | 0 | 0 |
| Participatory Research Funding | 52 | 52 | 0 | 0 |
| Research England via EPSRC funding for CebAI: National Centre Creativity by AI | 827 | 827 | 0 | 0 |
| Other specific grants | 20 | 20 | 20 | 20 |
| | 3,508 | 3,508 | 3,465 | 3,465 |
| Release of deferred capital grants | | | | |
| Buildings | 1,688 | 1,688 | 1,651 | 1,651 |
| | 1,688 | 1,688 | 1,651 | 1,651 |
| | 23,250 | 23,250 | 25,016 | 25,016 |

3. Research grants and contracts

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Research Councils | 2,516 | 2,516 | 2,115 | 2,115 |
| UK based charities | 1,344 | 1,344 | 1,282 | 1,282 |
| UK Government and health authorities | 3,089 | 3,089 | 2,901 | 2,901 |
| UK industry and commerce | 767 | 767 | 695 | 695 |
| European Union | 2,675 | 2,675 | 2,599 | 2,599 |
| Other sources | 2,475 | 2,475 | 1,654 | 1,654 |
| | 12,866 | 12,866 | 11,246 | 11,246 |

Notes to the financial statements for the year ended 31 July 2022

4. Grant and fee income

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Grant income from the Office for Students | 8,191 | 8,191 | 10,262 | 10,262 |
| Grant income from other bodies | 15,597 | 15,597 | 15,135 | 15,135 |
| Fee income for taught awards | 200,340 | 200,340 | 185,649 | 185,649 |
| Fee income for research awards | 15,666 | 15,666 | 14,232 | 14,232 |
| Fee income from non-qualifying courses | 3,192 | 3,192 | 2,916 | 2,916 |
| | 242,986 | 242,986 | 228,195 | 228,195 |

5. Other income

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Catering and conferences | 913 | 913 | 159 | 159 |
| Other services rendered | 3,061 | 3,061 | 2,741 | 2,741 |
| Other income | 10,788 | 10,787 | 8,825 | 8,825 |
| | 14,762 | 14,761 | 11,725 | 11,725 |

Included within other income above for the last financial year was an amount of £101,539 which relates to moneys received from the Government for the Coronavirus Job Retention Scheme. As the scheme is now over, nothing was received this financial year.

Also included in other income for 2021/22 is funding for the Turing Scheme of £232,694. The Turing Scheme is a UK government programme which provides funding for students to access study and work opportunities abroad. This includes term-time exchange programmes, internships and summer schools.

Other income for 2021/22 included a one-off amount of £4.4M relating to a property transaction. Other income for 2020/21 included an amount of £4.2M relating to another one-off property transaction; and an amount of £572k relating to Research England funding, which has now been moved to note 2 from 2021/22 onwards.

6. Investment income

| Note | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Investment income on endowments | 21 | 303 | 173 | 173 |
| Investment income on restricted reserves | 22 | 206 | 326 | 326 |
| Other investment income | | 301 | 200 | 200 |
| | | 810 | 699 | 699 |

7. Donations and endowments

| Note | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Donations with restrictions | 22 | 1,650 | 1,891 | 1,891 |
| Unrestricted donations | | 154 | 543 | 543 |
| | | 1,804 | 2,434 | 2,434 |

8. Staff

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Staff costs | | | | |
| Salaries | 125,557 | 125,557 | 116,353 | 116,353 |
| Social security costs | 12,712 | 12,712 | 12,058 | 12,058 |
| Pension costs | 20,839 | 20,839 | 19,682 | 19,682 |
| Restructuring costs | 1,188 | 1,188 | 749 | 749 |
| | 160,296 | 160,296 | 148,842 | 148,842 |
| Movement on USS provision | 57,787 | 57,787 | (542) | (542) |
| Movement on LPFA provision | 7,579 | 7,579 | 6,594 | 6,594 |
| Movement on holiday accrual | (1,650) | (1,650) | 1,996 | 1,996 |
| | 63,716 | 63,716 | 8,048 | 8,048 |
| | 224,012 | 224,012 | 156,890 | 156,890 |

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

Notes to the financial statements for the year ended 31 July 2022

Emoluments of the President

Remuneration of the President at City is determined by the Remuneration Committee of Council and is chaired by an independent member of Council. 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 when required but is not a member of the Committee. A full report on the work of the Committee in determining the remuneration of senior and higher paid staff, including the remuneration of the President, is given in the Annual remuneration statement on page 15.

The President's salary is determined by an assessment of long-term performance, retention considerations and relevant market conditions.

The Remuneration Committee 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 of City. The ratios are set out below.

In June 2022, the Remuneration Committee agreed that the remuneration of Professor Sir Anthony Finkelstein as President remained appropriate. As was noted in last year's report, the Remuneration Committee agreed in 2020 with Professor Sir Anthony Finkelstein that he would not receive performance-related remuneration, would not be provided with accommodation by City, but would be entitled to private health care, as are all senior managers at City.

Details of the emoluments of Professor Sir Anthony Finkelstein as City's President are given below.

| | 2022 | 2021 |
|---|------|------|
| | £000 | £000 |
| Emoluments of President, Professor Sir Anthony Finkelstein | | |
| Salary awarded | 306 | 28 |
| Taxable benefits in kind | 2 | 0 |
| | 308 | 28 |

City's President, Professor Sir Anthony Finkelstein joined City on 28 June 2021. The amounts shown for 2020/21 therefore effectively only cover the first month of his employment. The amounts disclosed above for 2021/22 cover his remuneration for the year to 31 July 2022.

| | 2022 | 2021 |
|--|------|------|
| | £000 | £000 |
| Emoluments of the previous President, Professor Sir Paul Curran | | |
| Salary awarded | 0 | 320 |
| Less salary waived | 0 | (35) |
| | 0 | 285 |
| Taxable benefits in kind | 0 | 29 |
| Non-taxable benefits in kind | 0 | 26 |
| | 0 | 340 |
| Pension contributions and payments in lieu of pension contributions | 0 | 35 |
| | 0 | 375 |

The amounts disclosed above for 2020/21 cover the period 1 August 2020 to 31 July 2021 and are provided for comparative purposes only.

Professor Sir Paul Curran resigned as City's President with effect from the end of the 2020/21 financial year, 31 July 2021.

Details of these amounts are disclosed within City's 2020/21 Annual Report and financial statements.

OfS pay ratios

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

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

The '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.

For both of these ratios, the figures below 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.

Notes to the financial statements for the year ended 31 July 2022

OfS pay ratios for President, Professor Sir Anthony Finkelstein

The ratio of the President's 'basic salary', so defined, to that of all staff is 7.3 times (£306,500 / £42,149) the median pay of all staff for 2021/22 (7.4 times for 2020/21), where the median pay is calculated on a full-time equivalent basis for the salaries paid by City to its staff.

The ratio of the President's 'total remuneration', so defined, to that of all staff is 6.0 times (£308,148 / £51,253) the median total remuneration of all staff for 2021/22 (6.4 times for 2020/21), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of City's staff.

Staff members with a basic salary over £100,000

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

| Basic salary of senior staff, excluding employer's pension contributions and restructuring costs | 2022 | 2021 |
|--|--------|--------|
| | Number | Number |
| £100,000 - £105,000 | 10 | 9 |
| £105,001 - £110,000 | 23 | 17 |
| £110,001 - £115,000 | 4 | 13 |
| £115,001 - £120,000 | 13 | 11 |
| £120,001 - £125,000 | 7 | 10 |
| £125,001 - £130,000 | 15 | 10 |
| £130,001 - £135,000 | 7 | 10 |
| £135,001 - £140,000 | 6 | 7 |
| £140,001 - £145,000 | 8 | 7 |
| £145,001 - £150,000 | 9 | 5 |
| £150,001 - £155,000 | 3 | 2 |
| £155,001 - £160,000 | 2 | 1 |
| £160,001 - £165,000 | 2 | 0 |
| £165,001 - £170,000 | 0 | 2 |
| £170,001 - £175,000 | 1 | 0 |
| £180,001 - £185,000 | 1 | 2 |
| £185,001 - £190,000 | 2 | 0 |
| £220,001 - £225,000 | 0 | 2 |
| £225,001 - £230,000 | 1 | 0 |
| £235,001 - £240,000 | 0 | 1 |
| £240,001 - £245,000 | 1 | 0 |
| £305,001 - £310,000 | 1 | 0 |
| £315,001 - £320,000 | 0 | 1 |

Average staff numbers

The average staff numbers employed by City is included below.

| Average staff numbers - full-time equivalents | 2022 | 2021 |
|---|--------------|--------------|
| | Number | Number |
| Academic | 876 | 822 |
| Research | 126 | 122 |
| Management and specialist | 1,194 | 1,173 |
| Technical | 8 | 10 |
| | <u>2,204</u> | <u>2,127</u> |

Severance payments

During the year City made payments of £975k in compensation for loss of office being paid to 36 employees (2020/21: £696k to 34 employees).

| Compensation for loss of office costs | 2022 | 2021 |
|---|------|------|
| | £000 | £000 |
| These costs are in respect of 36 (2021: 34) staff members | 975 | 696 |

Notes to the financial statements for the year ended 31 July 2022

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of City.

For 2021/22 this comprised the members of City's Senior Leadership Team. The membership of this body was as follows:

Senior Leadership Team – August 2021 to July 2022

- President
- Deputy President
- Chief Operating Officer
- Vice-President, Research
- Vice-President, Enterprise, Engagement & Employability
- Vice-President, Education
- Vice-President, Digital & Student Experience
- Dean of the School of Arts & Social Sciences
- Dean of the School of Health Sciences
- Dean of Bayes Business School
- Dean of the School of Mathematics, Computer Science & Engineering
- Dean of The City Law School
- Chief Financial Officer
- Director of Human Resources
- Director of Marketing & External Relations.

2020/21 was an unusual year as City was in a period of transition and handover between two Presidents as well as temporarily adapting its management structures to deal with the pandemic. During this time, City's key management body and its associated personnel changed three times. The year started with the Executive Committee, moving to the Executive Board and finally settling into the Senior Leadership Team. The membership and active dates of these three bodies over 2020/21 are shown below.

Executive Committee – August 2020 to September 2020

- 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.

Executive Board – October 2020 to June 2021

- Interim Deputy President
- Deputy President & Provost
- Vice-President, Strategy & Planning, Equality, Diversity & Inclusion
- Chief Financial Officer
- Director of Human Resources
- Director of Marketing & External Relations
- Dean of the School of Arts & Social Sciences
- Dean of the School of Health Sciences
- Dean of Bayes Business School
- Dean of the School of Mathematics, Computer Science & Engineering
- Dean of The City Law School.

Senior Leadership Team – July 2021

- President
- Deputy President
- Chief Financial Officer
- Chief Operating Officer (vacant)
- Director of Human Resources
- Vice-President, Research
- Vice-President, Enterprise, Engagement & Employability
- Vice-President, Education
- Dean of the School of Arts & Social Sciences
- Dean of the School of Health Sciences
- Dean of Bayes Business School
- Dean of the School of Mathematics, Computer Science & Engineering
- Dean of The City Law School.

Notes to the financial statements for the year ended 31 July 2022

The total staff costs relating to Key Management Personnel shown in the table below, includes remuneration paid to them and comprises the 15 posts of the Senior Leadership Team, totaling 14.8 FTE. For 2020/21 it was for 17 posts and 11.8 FTE relating to the 3 bodies mentioned above.

| | 2022 | 2021 |
|--|-------|-------|
| | £000 | £000 |
| Key management personnel remuneration, including pension contributions | 2,896 | 2,704 |

Council Members' expenses

Council members received no remuneration (2020/21: £nil). Council members' expenses include out-of-pocket travel expenses. Three of the eleven independent Council members received out-of-pocket travel reimbursements totalling £743 (2020/21: no Council members, £nil) for expenses incurred directly.

9. Interest and other finance costs

| | | Group | City | Group | City |
|-------------------------------------|------|--------------|--------------|--------------|--------------|
| | Note | 2022 | 2022 | 2021 | 2021 |
| | | £000 | £000 | £000 | £000 |
| Interest on borrowings | | 1,720 | 1,720 | 1,720 | 1,720 |
| Foreign exchange differences | | (54) | (54) | 12 | 12 |
| Net charge on pension scheme - USS | 20 | 303 | 303 | 256 | 256 |
| Net charge on pension scheme - LPFA | 20 | 1,369 | 1,369 | 1,033 | 1,033 |
| | | 3,338 | 3,338 | 3,021 | 3,021 |

10. Other operating expenses

| | Group | City | Group | City |
|---|---------------|---------------|---------------|---------------|
| | 2022 | 2022 | 2021 | 2021 |
| | £000 | £000 | £000 | £000 |
| Rents, rates and insurance | 14,134 | 14,134 | 17,701 | 17,701 |
| Payments to non-contract staff and agencies | 9,138 | 9,138 | 7,068 | 7,068 |
| Other expenses | 8,433 | 8,433 | 3,022 | 3,022 |
| Purchase and maintenance of furniture, equipment and software | 7,076 | 7,076 | 9,226 | 9,226 |
| Student bursaries and fee remissions | 6,949 | 6,949 | 8,693 | 8,693 |
| Publicity, advertising and staff recruitment | 5,918 | 5,918 | 5,028 | 5,028 |
| Collaborative partner payments | 5,599 | 5,599 | 3,046 | 3,046 |
| Books, periodicals and subscriptions | 5,337 | 5,337 | 7,625 | 7,625 |
| Payments for domestic and security contracts | 3,645 | 3,645 | 2,860 | 2,860 |
| Heating, lighting, water and power | 3,471 | 3,471 | 3,010 | 3,010 |
| Repairs and general maintenance | 3,315 | 3,315 | 2,970 | 2,970 |
| Conference, travel and training costs | 2,853 | 2,853 | 899 | 899 |
| Asset write-off | 1,940 | 1,940 | 692 | 692 |
| Catering and conferences operating expenses | 1,875 | 1,875 | 964 | 964 |
| Printing, postage, stationery and telephones | 1,513 | 1,513 | 1,263 | 1,263 |
| External venue hire | 1,046 | 1,046 | 74 | 74 |
| Other professional fees | 960 | 958 | 1,773 | 1,770 |
| IT and academic consumables | 602 | 602 | 557 | 557 |
| Auditors' remuneration in respect of group UK statutory audits | 113 | 104 | 97 | 89 |
| Auditors' remuneration in respect of other audit related assurance work | 86 | 86 | 44 | 44 |
| | 84,003 | 83,992 | 76,612 | 76,601 |

| | Group | City | Group | City |
|--|-------|------|-------|------|
| | 2022 | 2022 | 2021 | 2021 |
| | £000 | £000 | £000 | £000 |
| Fees payable to the auditor for the audit of City's financial statements | 104 | 104 | 89 | 89 |
| Audit of the financial statements of subsidiaries | 9 | 0 | 8 | 0 |
| Audit related assurance services | 79 | 79 | 44 | 44 |

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 2021/22 as the external auditors was £94,013 for the group and £86,616 for City. In 2020/21 the fee paid (excluding VAT) directly to PwC as the external auditors was £80,466 for the group and £74,196 for City.

Notes to the financial statements for the year ended 31 July 2022

11. Access and participation

This note is in response to the Office for Students Accounts Direction and sets out expenditure on activities that support the ambitions as set out in our 2021/22 Access and Participation Plan for England approved by the Office for Students. This year is the second year of our five-year plan and the third time we have completed the financial audit note. Our 2020-25 Access and Participation Plan is available at www.city.ac.uk/_data/assets/pdf_file/0006/492747/CityUniversityOfLondon_APP_2020-21-_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 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|-------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Access investment | 558 | 558 | 578 | 578 |
| Financial support | 1,940 | 1,940 | 2,112 | 2,112 |
| Disability support | 808 | 808 | 848 | 848 |
| Research and evaluation | 195 | 195 | 147 | 147 |
| | 3,501 | 3,501 | 3,685 | 3,685 |

Consolidated and City: £2,915,791 of these costs are already included in the overall staff costs figures included in note 8 (2020/21: £3,165,776).

The total expenditure in 2021/22 for the reporting categories was £3,500,691, a decrease of £183,401 compared to 2020/21.

Access investment was £557,659 in 2021/22 which represents 2.2 per cent of the total. This is the same percentage access investment as 2020/21 and 1.2 percentage points below forecast investment set out in the Access and Participation Plan. This is due to the ongoing impact of the pandemic in 2021/22 on in-person activity and some long-term staff vacancies that are now filled.

Investment in financial support was £1,939,862 in 2021/22, a decrease of £172,138 compared to 2020/21. The 2021/22 figure represents 87.5 per cent of total expenditure which is 2.5 percentage points higher than the forecast amount. Given the increased pressure on students and the cost of living crisis, City reallocated investment to increasing financial support and student hardship funding.

Expenditure on disability support was £807,813, a decrease of £40,191 compared to 2020/21. Prior to 2019/20 there was no requirement to report on disability support, hence expenditure in this area was not included in the forecast. Therefore, there is no forecast with which to compare actual spending for this cost area.

Investment in research and evaluation was £195,365 in 2021/22, an increase of £48,769 compared to 2020/21. This increase is due to more staff time being dedicated to evaluation across the institution in response to the increased focus on this area from the OfS. The actual spend was 0.2 percentage points lower than forecast.

12. Taxation

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Recognised in the statement of comprehensive income and expenditure | | | | |
| Current tax | | | | |
| UK Corporation Tax expense | (7) | 0 | 0 | 0 |
| Foreign taxes | 112 | 112 | 114 | 114 |
| Total tax expense | 105 | 112 | 114 | 114 |

Factors affecting the UK Corporation Tax charge

The tax assessed for the year is higher than the standard rate of Corporation Tax in the UK. The difference is explained below:

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Deficit before taxation | (54,615) | (54,534) | (3,652) | (3,395) |
| UK Corporation Tax at 19% (2021: 19%) | (10,378) | (10,361) | (694) | (645) |
| Effect of: | | | | |
| Surplus falling within charitable exemption | 10,378 | 10,361 | 694 | 645 |
| Other differences attributable to subsidiaries | (7) | 0 | 0 | 0 |
| Total UK tax expense | (7) | 0 | 0 | 0 |
| Total tax expense | 105 | 112 | 114 | 114 |

Notes to the financial statements for the year ended 31 July 2022

13. Group and City's tangible assets

| | Freehold land and buildings | Residential property | Assets under construction | Leasehold buildings | Equipment | Total |
|---------------------------------------|-----------------------------|----------------------|---------------------------|---------------------|---------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 August 2021 | 423,287 | 3,139 | 4,085 | 24,565 | 52,677 | 507,753 |
| Additions | 6,478 | 0 | 2,243 | 17 | 6,675 | 15,413 |
| Transfers | 2,389 | 0 | (3,412) | 0 | 1,023 | 0 |
| Disposals | (16,975) | (3,740) | 0 | (11,278) | (24,075) | (56,068) |
| Revaluation | 0 | 601 | 0 | 0 | 0 | 601 |
| Asset write-off | (1,940) | 0 | 0 | 0 | 0 | (1,940) |
| At 31 July 2022 | 413,239 | 0 | 2,916 | 13,304 | 36,300 | 465,759 |
| Depreciation | | | | | | |
| At 1 August 2021 | 56,416 | 127 | 0 | 13,539 | 39,332 | 109,414 |
| Charge for year | 8,186 | 4 | 0 | 2,368 | 6,271 | 16,829 |
| Disposals | (16,949) | (131) | 0 | (7,262) | (24,102) | (48,444) |
| At 31 July 2022 | 47,653 | 0 | 0 | 8,645 | 21,501 | 77,799 |
| Net book value at 31 July 2022 | 365,586 | 0 | 2,916 | 4,659 | 14,799 | 387,960 |
| Net book value at 31 July 2021 | 366,871 | 3,012 | 4,085 | 11,026 | 13,345 | 398,339 |

City undertook an exercise during 2021/22 to review and update its assets for those assets that have been fully depreciated. These fully depreciated assets, as well as the two properties disposed of during the year, are included within the total £56.1M value for disposals above. The two properties disposed of comprised the residence at 20 Myddelton Square and the ex-City Law School building at Princeton Street. The Myddelton Square freehold property was disposed of at a value of £3.4M and Princeton Street's long term lease for £14.0M.

14. Non-current investments

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---|--------------------------------|----------------------|--------------------------------|----------------------|
| Investment in subsidiaries (a) | 0 | 910 | 0 | 910 |
| Other investments (b) | 18,895 | 18,895 | 18,932 | 18,932 |
| | 18,895 | 19,805 | 18,932 | 19,842 |
| (a) Investment in subsidiaries | | | | |
| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
| At cost less impairment: | | | | |
| At 1 August 2021 | 0 | 910 | 0 | 910 |
| At 31 July 2022 | 0 | 910 | 0 | 910 |
| (b) Other investments | | | | |
| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
| At 1 August 2021 | 18,932 | 18,932 | 15,856 | 15,856 |
| Additions | 21 | 21 | 49 | 49 |
| Disposals | (727) | (727) | (394) | (394) |
| Gain | 313 | 313 | 2,756 | 2,756 |
| Reinvested income | 374 | 374 | 665 | 665 |
| Fair value adjustments | (18) | (18) | 0 | 0 |
| At 31 July 2022 | 18,895 | 18,895 | 18,932 | 18,932 |
| Other non-current asset investments consist of: | | | | |
| | Group and City 2022 £000 | | Group and City 2021 £000 | |
| At fair value: | | | | |
| Endowments | 18,242 | | 18,054 | |
| Bonds relating to postgraduate student loans | 532 | | 732 | |
| At cost less impairment: | | | | |
| Group investments in spin-out companies | 121 | | 146 | |
| | 18,895 | | 18,932 | |

Notes to the financial statements for the year ended 31 July 2022

Details of investments in which the consolidated and City hold 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 | 0.2% ownership | Ordinary shares | Kelvin Building Bramah Avenue, East Kilbride, Glasgow, G75 0RD |
| City Occupational Limited | Manufacture of electronic measuring, testing etc. equipment, not for industrial process control | 35% ownership | Ordinary shares | 73 Shepherds Hill, London, N6 5RE |
| CVCP Properties PLC | Letting and operating of own and 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 | 44.5% ownership - Dormant | Ordinary shares | 46 Canada Road, Southampton, England, SO19 9DR |
| JECT.AI Limited (INJECT) | Digital Content Management, business and domestic software development and software publishing | 23.8% ownership | Ordinary shares | City, University of London, Northampton Square, London, United Kingdom, EC1V 0HB |
| CityDefend Cyber Security Solutions Limited | Business and domestic software development and service activities | 10% ownership - Dormant | Ordinary shares | 14a Meadway Court, Rutherford Close, Stevenage, Hertfordshire, England, SG1 2EF |
| Raven Science Limited | Information technology service activities | 5% ownership | Ordinary shares | 27 The Pentlands, High Wycombe, United Kingdom, HP13 7PB |
| Thomson Screening Solutions Limited | Data processing, hosting and related activities and specialists medical practice activities | 22.5% ownership | Ordinary shares | 20-22 Wenlock Road, London, England, N1 7GU |
| City Optotech Limited | Research and experimental development on natural sciences and engineering | 16% ownership | Ordinary shares | City, University of London, Northampton Square, London, United Kingdom, EC1V 0HB |

City Optotech Limited was acquired during the year. The percentage of ordinary shares and principal activities are detailed above.

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 1 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.

16. Trade and other receivables

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Amounts falling due within one year: | | | | |
| Research grants receivables | 2,920 | 2,920 | 2,388 | 2,388 |
| Other trade receivables | 6,370 | 6,370 | 4,587 | 4,587 |
| Other receivables | 128 | 128 | 65 | 65 |
| Prepayments and accrued income | 21,959 | 21,959 | 7,760 | 7,760 |
| Amounts due from subsidiary companies | 0 | 0 | 0 | 24 |
| | 31,377 | 31,377 | 14,800 | 14,824 |

Included in the prepayments and accrued income line is £11M relating to the purchase of the Urdang Academy property and programme. For more details, see note 30.

Notes to the financial statements for the year ended 31 July 2022

17. Current investments

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---------------------|-----------------------|----------------------|-----------------------|----------------------|
| Short-term deposits | 10,030 | 10,030 | 1,000 | 1,000 |
| | 10,030 | 10,030 | 1,000 | 1,000 |

Cash deposits are held with our wealth managers at UBS and in a Special Interest Bearing Account with our corporate bankers at NatWest, 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 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Trade payables | 1,909 | 1,909 | 3,474 | 3,474 |
| Social security and other taxation payable | 3,781 | 3,781 | 4,009 | 4,009 |
| Deferred income | 28,800 | 28,800 | 24,811 | 24,811 |
| Accruals | 18,703 | 18,689 | 21,243 | 21,234 |
| Amounts due to subsidiary companies | 0 | 881 | 0 | 855 |
| Loan from joint venture repayable on demand (note 15) | 900 | 0 | 900 | 0 |
| Other creditors | 2,702 | 2,702 | 2,248 | 2,248 |
| | 56,795 | 56,762 | 56,685 | 56,631 |

Deferred income

Included with deferred income are the following items of income which have been deferred until specific performance-related conditions have been met:

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|-------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Research grants received on account | 6,392 | 6,392 | 7,640 | 7,640 |
| Grant income | 1,722 | 1,722 | 1,689 | 1,689 |
| Deferred income | 20,686 | 20,686 | 15,482 | 15,482 |
| | 28,800 | 28,800 | 24,811 | 24,811 |

19. Creditors: amounts falling due after more than one year

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|-------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Deferred income - 2-5 years | 5,575 | 5,575 | 5,716 | 5,716 |
| Deferred income - more than 5 years | 13,564 | 13,564 | 14,578 | 14,577 |
| Unsecured borrowings | 60,279 | 60,279 | 60,268 | 60,268 |
| | 79,418 | 79,418 | 80,562 | 80,561 |

Unsecured borrowings

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Unsecured borrowings are repayable as follows: | | | | |
| Private placement repayable | 60,279 | 60,279 | 60,268 | 60,268 |
| | 60,279 | 60,279 | 60,268 | 60,268 |

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 31 July 2022 (2020/21: 2.85 per cent).

Notes to the financial statements for the year ended 31 July 2022

20. Pension and other provisions

| | Obligation to fund deficit on USS pension (note 29) | Defined Benefit obligations (note 29) | Total pension provisions | Other provisions | Total provisions |
|---|---|---------------------------------------|--------------------------|------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Group and City | | | | | |
| At 1 August 2021 | 34,844 | 86,299 | 121,143 | 0 | 121,143 |
| Financing charge | 303 | 1,369 | 1,672 | 0 | 1,672 |
| Amount recognised in other comprehensive income and expenditure | 0 | (71,668) | (71,668) | 3,715 | (67,953) |
| Other movement charged to the statement of comprehensive income and expenditure | 57,787 | 7,579 | 65,366 | 0 | 65,366 |
| At 31 July 2022 | 92,934 | 23,579 | 116,513 | 3,715 | 120,228 |

The other provision of £3.7M relates to the potential costs associated with operating internationally.

USS deficit

The obligation to fund the past deficit of the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in estimating the value of this provision. This is based on the scheme valuation as at 31 March 2020.

21. Income and expenditure reserve – endowment reserves

| | Restricted permanent endowments | Unrestricted permanent endowments | 2022 Total | 2021 Total |
|--|---------------------------------|-----------------------------------|--------------|--------------|
| | £000 | £000 | £000 | £000 |
| Group and City | | | | |
| At 1 August | | | | |
| Capital | 5,600 | 17 | 5,617 | 4,665 |
| Accumulated income | 756 | 4 | 760 | 594 |
| Total | 6,356 | 21 | 6,377 | 5,259 |
| Investment income | 302 | 1 | 303 | 173 |
| Expenditure | (5) | 0 | (5) | (7) |
| Other income | 481 | 0 | 481 | 0 |
| Increase in market value of investments | 186 | 0 | 186 | 952 |
| Total endowment comprehensive income for the year | 964 | 1 | 965 | 1,118 |
| At 31 July | 7,320 | 22 | 7,342 | 6,377 |
| Represented by: | | | | |
| Capital | 6,139 | 17 | 6,156 | 5,617 |
| Accumulated income | 1,181 | 5 | 1,186 | 760 |
| | 7,320 | 22 | 7,342 | 6,377 |
| Analysis by type of purpose: | | | | |
| Lectureships | 1,705 | 0 | 1,705 | 1,634 |
| Scholarships and bursaries | 1,033 | 0 | 1,033 | 994 |
| Prize funds | 874 | 0 | 874 | 849 |
| General | 2,063 | 22 | 2,085 | 1,324 |
| Academic chair | 1,584 | 0 | 1,584 | 1,517 |
| Other | 61 | 0 | 61 | 59 |
| | 7,320 | 22 | 7,342 | 6,377 |
| Analysis by asset: | | | | |
| Current and non-current asset investments | | | 7,342 | 6,377 |
| | | | 7,342 | 6,377 |

Notes to the financial statements for the year ended 31 July 2022

22. Income and expenditure reserve – restricted reserves

| | Expendable restricted endowments | Donations with restrictions | 2022 Total | 2021 Total |
|---|----------------------------------|-----------------------------|---------------|---------------|
| Group and City | £000 | £000 | £000 | £000 |
| Balance as at 1 August | 7,463 | 4,142 | 11,605 | 9,977 |
| New donations | 7 | 1,588 | 1,595 | 1,891 |
| Investment income | 206 | 0 | 206 | 326 |
| Other income | 3 | 52 | 55 | 0 |
| Expenditure | (3) | (1,692) | (1,695) | (2,393) |
| Increase in market value of investments | 127 | 0 | 127 | 1,804 |
| Total restricted comprehensive income for the year | 340 | (52) | 288 | 1,628 |
| At 31 July | 7,803 | 4,090 | 11,893 | 11,605 |
| Analysis by type of purpose: | | | | |
| Lectureships | | | 177 | 141 |
| Scholarships and bursaries | | | 8,551 | 8,579 |
| Research support | | | 77 | 149 |
| Prize funds | | | 402 | 390 |
| General | | | 2,527 | 1,959 |
| Other | | | 159 | 387 |
| | | | 11,893 | 11,605 |

23. Cash and cash equivalents

| | At 1 August | Cash flows | At 31 July |
|------------------|---------------|----------------|---------------|
| | 2021 | | 2022 |
| Group: | £000 | £000 | £000 |
| Cash at bank | 5,773 | (1,865) | 3,908 |
| Cash equivalents | 72,745 | 722 | 73,467 |
| | 78,518 | (1,143) | 77,375 |

24. Consolidated reconciliation of net debt

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | £000 | £000 |
| Net debt opening balance – 1 August 2021 | 16,726 | |
| Movement in cash, cash equivalents and short-term deposits | 7,886 | |
| Gain on investments | (313) | |
| Investment income | (810) | |
| Other non-cash changes | 2,692 | |
| Interest on borrowings | (1,720) | |
| Changes in market value and exchange rates | 54 | |
| Net debt – 31 July 2022 | 24,515 | |
| Change in net debt | 7,789 | |
| Analysis of net debt: | 2022 | 2021 |
| | £000 | £000 |
| Cash and cash equivalents | 77,375 | 78,519 |
| Current investments | 10,030 | 1,000 |
| 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 | (1,711) | (1,625) |
| | (2,611) | (2,525) |
| Borrowings: amounts falling due after more than one year | | |
| Unsecured loans | (60,279) | (60,268) |
| | (60,279) | (60,268) |
| Net debt | 24,515 | 16,726 |

Notes to the financial statements for the year ended 31 July 2022

25. Financial instruments

| | Group 2022 £000 | City 2022 £000 | Group 2021 £000 | City 2021 £000 |
|--|-----------------------|----------------------|-----------------------|----------------------|
| Financial assets | | | | |
| Financial assets at fair value through statement of comprehensive income and expenditure | | | | |
| Listed investments | 18,895 | 18,895 | 18,932 | 19,842 |
| Financial assets that are equity instruments measured at cost less impairment | | | | |
| Other investments | 121 | 121 | 146 | 146 |
| Financial assets that are debt instruments measured at amortised cost | | | | |
| Cash and cash equivalents | 77,375 | 77,375 | 78,519 | 78,519 |
| Other investments | 10,030 | 10,030 | 1,000 | 1,000 |
| Trade and other receivables | 9,418 | 9,418 | 7,040 | 7,064 |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | | | | |
| Loans | 60,279 | 60,279 | 60,268 | 60,268 |
| Loan from joint venture | 900 | 0 | 900 | 0 |
| Trade creditors | 5,690 | 6,571 | 7,438 | 8,338 |
| Other creditors | 2,702 | 2,702 | 2,248 | 2,248 |

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.

26. Capital and other commitments - Group and City

| | 2022 £000 | 2021 £000 |
|---|---------------|---------------|
| Provision has not been made for the following capital commitments at 31 July: | | |
| Expenditure authorised and contracted for | 177 | 1,960 |
| Expenditure authorised but not contracted for | 63,162 | 63,508 |
| | 63,339 | 65,468 |

27. Lease obligations - Group and City

| Total rentals payable under operating leases: | | | | |
|--|----------------------------|-----------------------------|--------------------|--------------------|
| | Land and buildings £000 | Plant and machinery £000 | 2022 Total £000 | 2021 Total £000 |
| Payable during the year | 9,444 | 691 | 10,135 | 6,236 |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 9,531 | 649 | 10,180 | 10,420 |
| Later than 1 year and not later than 5 years | 36,037 | 1,026 | 37,063 | 36,649 |
| Later than 5 years | 143,675 | 0 | 143,675 | 142,608 |
| Total lease payments due | 189,243 | 1,675 | 190,918 | 189,677 |
| Total rentals receivable under operating leases: | | | | |
| | Land and Buildings £000 | Plant and Machinery £000 | 2022 Total £000 | 2021 Total £000 |
| Receivable during the year | 10 | 0 | 10 | 29 |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 4 | 0 | 4 | 22 |
| Later than 1 year and not later than 5 years | 14 | 0 | 14 | 48 |
| Later than 5 years | 12 | 0 | 12 | 0 |
| Total lease payments due | 30 | 0 | 30 | 70 |

Notes to the financial statements for the year ended 31 July 2022

28. Related party transactions

Due to the nature of City's operations and the composition of its Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All such transactions 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 within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned group entities.

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

| | Income/(expenditure) | | Debtor/(creditor) balance | |
|--|----------------------|-------|---------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 |
| Group investments | | | | |
| City Occupational Ltd | 14 | 4 | 7 | 0 |
| Heliex Power Ltd | (180) | 44 | 136 | 14 |
| INTO City LLP | (268) | (519) | (97) | (69) |
| Thomson Screening Solutions Ltd | 47 | 0 | 47 | (6) |
| - of which bad debts provided for | 0 | 0 | 0 | (45) |
| Raven Science Limited | 0 | 12 | 0 | 0 |
| JECT.AI | 3 | 0 | 0 | 0 |
| Relationships with Council members and Co-opted members of Council subcommittees | | | | |
| Buro Happold LLP | (298) | (320) | (1) | (3) |
| City Students' Union | (14) | (117) | (12) | (59) |
| KPMG | (485) | 3 | 0 | (2) |
| London Higher | 0 | (34) | 0 | 0 |
| Morgan Sindall PLC | 0 | (17) | 0 | 0 |
| Nuffield Trust | 16 | 0 | 0 | 0 |
| Ordnance Survey | 0 | 55 | 0 | (5) |
| UK Research and Innovation | 29 | 0 | 40 | 0 |
| Universities and Colleges Employers Association | (12) | (12) | 2 | (8) |
| University of Sussex | (103) | 0 | (31) | 0 |
| Relationships with other senior executives who are not on Council but in attendance | | | | |
| The Academy of Social Science | 0 | (2) | 0 | 0 |
| The Campaign for Science and Engineering | (1) | (2) | 1 | 0 |
| The London Borough of Hammersmith and Fulham | 0 | 0 | (1) | 0 |
| Southern Universities Management Services | 0 | (69) | 0 | 0 |

City Occupational Limited

City Occupational Ltd is a joint venture between City, University London and Visicomp Research Ltd to make available Advanced Vision & Optometric Tests (AVOT) with applications in occupational medicine, public health and applied vision research (www.city-occupational.co.uk). City, University of London holds 35 per cent share ownership in City Occupational Limited.

Heliex Power Limited

Heliex Power helps steam plant owners, from cottage industry artisans to multi-nationals, unlock the potential of their waste heat and steam - enabling their businesses to prosper and do their bit in saving the planet (www.heliexpower.com). City, University of London holds 0.2 per cent share ownership in Heliex Power Limited.

INTO City LLP

INTO City, University of London offers a range of courses that are proven to help international students progress to undergraduate and postgraduate degrees in the UK. The Centre also offers several English language courses for professional or everyday use (www.intostudy.com/en/universities/city-university-london/courses). City, University of London holds 38 per cent share ownership, 50 per cent controlling interest and 15 per cent profit share in the joint venture with INTO City LLP.

Notes to the financial statements for the year ended 31 July 2022

Thomson Screening Solutions Limited

Thomson Screening was formed by City, University of London to manage the ongoing development and global implementation of SchoolScreener® software. The company has also developed variants for Occupational Health under the name WorkScreener® (<https://thomsonscreening.com/about-us>). City, University of London holds 22.5 per cent share ownership in Thomson Screening Solutions Limited.

JECT.AI

The JECT.AI start-up was formed with investment from EIT Digital. Three partners – City, University of London, Digital Catapult and WAN-IFRA – extended the digital product to support journalists to be more creative and inventive at work, and refined the business offering. The product, now called JECT.AI, was rolled out to dozens of newsrooms (<https://ject.ai/about>). City, University of London holds 23.8 per cent share ownership in JECT.AI.

Buro Happold LLP

Buro Happold are an international, integrated consultancy of engineers, consultants and advisers, with a world-class reputation for delivering creative, value-led solutions for an ever challenging world (www.burohappold.com/about). One of City's independent Council members is an independent non-executive director of the company's board.

City Students' Union

City Students' Union is a membership-led organisation, independent of City, University of London, which exists to ensure students have the best overall experience at City both socially and academically (www.citystudents.co.uk/about-us). One of our current Council members is President of the Students' Union and a previous Council member earlier in the year was the predecessor to the current President.

KPMG

KPMG firms operate in 144 countries and territories across the globe, offering Audit, Tax and Advisory services (<https://home.kpmg/xx/en/home/about.html>). A spouse of one of City's independent Council members is a partner of KPMG.

Nuffield Trust

The Nuffield Trust is an independent health think tank, aiming to improve the quality of health care in the UK by providing evidence-based research and policy analysis and informing and generating debate (www.nuffieldtrust.org.uk/about). One of City's independent Council members was a Trustee for the Nuffield Trust until August 2021.

UK Research and Innovation

UK Research and Innovation (UKRI) is a non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS), bringing together the seven disciplinary research councils, Research England, which is responsible for supporting research and knowledge exchange at higher education institutions in England, and the UK's innovation agency, Innovate UK (www.ukri.org/about-us/who-we-are). One of our staff Council members was board member for UKRI until September 2021.

Universities and Colleges Employers Association

The Universities and Colleges Employers Association (UCEA) provides its member institutions with timely advice and guidance on all employment and reward matters relevant to the HE sector (www.ucea.ac.uk/about-us). One of City's independent Council members is a Trustee of UCEA.

University of Sussex

The University of Sussex's courses, research, culture and campus aims to stimulate, excite and challenge (www.sussex.ac.uk/about). One of City's independent Council members, who recently joined on 1 August 2022, was Vice-Chair of Council until July 2022.

The Campaign for Science and Engineering

The Campaign for Science and Engineering (CaSE) is the UK's leading independent advocate for science and engineering, representing scientific organisations including businesses, universities, professional bodies and research charities as well as individual scientists and engineers (www.sciencecampaign.org.uk/about-us.html). One of City's regular Council attendees until 31 December 2021 is a Trustee for CaSE.

The London Borough of Hammersmith and Fulham

The London Borough of Hammersmith and Fulham is one of a number of London's councils (www.lbhf.gov.uk). One of City's regular Council attendees until 31 December 2021 is an elected Cabinet member.

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 1 October 2016 and a hybrid of career average salary and final pensionable salary for earnings before this date. LPFA provides similar benefits for other staff of City. The pension costs are assessed using the projected unit method.

Universities Superannuation Scheme

City participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

Notes to the financial statements for the year ended 31 July 2022

Deficit recovery liability

The total cost charged to the statement of comprehensive income and expenditure is £18,543,329 (2020/21: £17,493,364).

Deficit recovery contributions due within one year for City are £5,608,331 (2020/21: £4,524,834).

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2020 (the valuation date) and was carried out using the projected unit method.

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

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83 per cent.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

| | |
|--|--|
| CPI assumption | Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040 |
| Pension increases (subject to a floor of 0%) | CPI assumption plus 0.05% |
| Discount rate (forward rates) | Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a. |

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

| | 2020 valuation |
|----------------------------------|--|
| Mortality base table | 101% of S2PMA "light" for males and 95% of S3PFA for females |
| Future improvements to mortality | CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females |

The current life expectancies on retirement at age 65 are:

| | 2022 | 2021 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 23.9 | 24.7 |
| Females currently aged 65 (years) | 25.5 | 26.1 |
| Males currently aged 45 (years) | 25.9 | 26.7 |
| Females currently aged 45 (years) | 27.3 | 27.9 |

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2 per cent of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3 per cent. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

| | 2022 | 2021 |
|--------------------------------------|-----------------|-----------------|
| Discount rate | 3.31% | 0.87% |
| Pensionable salary growth assumption | 3.00% to 4.00% | 2.60% to 3.00% |
| Staff number growth assumption | -1.10% to 5.60% | -1.80% to 0.50% |

The employers' contribution rates are as follows:

| | |
|-------------------------------------|--------|
| 1 October 2019 to 30 September 2021 | 21.10% |
| 1 October 2021 to 31 March 2022 | 21.40% |
| 1 April 2022 to 31 March 2024 | 21.60% |
| 1 April 2024 to 30 April 2038 | 21.40% |

Notes to the financial statements for the year ended 31 July 2022

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, City 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 judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below.

| Change in assumptions at 31 July 2022 | £000 | Approximate impact |
|--|--------|--------------------|
| 0.5% pa decrease in discount rate | 3,627 | Decrease |
| 0.5% pa increase in salary inflation over duration | 3,620 | Decrease |
| 0.5% pa increase in salary inflation year 1 only | 424 | Decrease |
| 0.5% increase in staff changes over duration | 3,720 | Decrease |
| 0.5% increase in staff changes year 1 only | 437 | Decrease |
| 1% increase in deficit contributions | 13,892 | 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 Financial Reporting Standard 102, the following additional information is disclosed in relation to the LPFA scheme.

| Financial assumptions as at | 31 July 2022 | 31 July 2021 |
|-----------------------------|--------------|--------------|
| | % per annum | % per annum |
| Salary increases | 3.75 | 3.80 |
| Pension increases | 2.75 | 2.80 |
| Discount rate | 3.40 | 1.60 |

We have allowed for actual pension increase experience for the period from 2021 to 2022. This assumes that pension increases are in line with the annual pension increases set by the HM Treasury Revaluation Order.

Mortality

| The assumed life expectations from age 65 are: | Males | Females |
|--|------------|------------|
| Current pensioners | 20.7 years | 23.9 years |
| Future pensioners | 22.5 years | 25.7 years |

The assets of the LPFA scheme were:

| Asset breakdown | Assets at 31 July 2022 | | Assets at 31 July 2021 | |
|-------------------------|------------------------|------------|------------------------|------------|
| | £000 | % | £000 | % |
| Equities | 53,344 | 56 | 48,735 | 56 |
| Target return portfolio | 20,408 | 22 | 19,009 | 22 |
| Infrastructure | 9,890 | 11 | 7,790 | 9 |
| Property | 9,230 | 10 | 7,337 | 9 |
| Cash | 1,130 | 1 | 3,427 | 4 |
| Total | 94,002 | 100 | 86,298 | 100 |

| Net pension asset in the statement of financial position as at | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|--|---------------|---------------|---------------|
| | £000 | £000 | £000 |
| Present value of defined benefit obligation | 117,580 | 172,881 | 151,426 |
| Fair value of fund assets (bid value) | 94,001 | 86,299 | 76,546 |
| Net defined benefit liability | 23,579 | 86,582 | 74,880 |

Notes to the financial statements for the year ended 31 July 2022

Revenue account costs

| The amounts recognised in the statement of comprehensive income | 31 July 2022 | 31 July 2021 |
|---|---------------|--------------|
| | £000 | £000 |
| Service cost | 9,685 | 8,793 |
| Net Interest on the defined liability | 1,369 | 1,033 |
| Administration expenses | 112 | 100 |
| Total loss | 11,166 | 9,926 |

| Remeasurement of the net assets/(defined liability) in other comprehensive income | 31 July 2022 | 31 July 2021 |
|---|---------------|----------------|
| | £000 | £000 |
| Return on fund assets in excess of interest | 5,604 | 7,950 |
| Other actuarial gain/(losses) on assets | 0 | 0 |
| Change in financial assumptions | 77,736 | (16,875) |
| Change in demographic assumptions | 0 | 1,840 |
| Experience (loss)/gain on defined benefit obligation | (11,275) | 3,109 |
| Remeasurement of the net assets/(defined liability) | 72,065 | (3,976) |

| Reconciliation of opening and closing balances of the present value of the defined benefit obligation | 31 July 2022 | 31 July 2021 |
|---|----------------|----------------|
| | £000 | £000 |
| Opening defined benefit obligation | 172,881 | 151,426 |
| Current service cost | 9,685 | 8,793 |
| Interest cost | 2,756 | 2,110 |
| Changes in financial assumptions | (77,736) | 16,875 |
| Changes in demographic assumptions | 0 | (1,840) |
| Experience loss/(gain) on defined benefit obligation | 11,275 | (3,109) |
| Estimated benefits paid net of transfers in | (2,264) | (2,399) |
| Contributions by scheme participants and other employers | 983 | 1,025 |
| Closing defined benefit obligation | 117,580 | 172,881 |

| Reconciliation of opening and closing balances of the fair value of fund assets | 31 July 2022 | 31 July 2021 |
|---|---------------|---------------|
| | £000 | £000 |
| Opening fair value of fund assets | 86,298 | 76,546 |
| Interest on assets | 1,387 | 1,077 |
| Return on assets less interest | 5,604 | 7,950 |
| Administration expenses | (112) | (100) |
| Contributions by employer including unfunded | 2,106 | 2,199 |
| Contributions by scheme participants and other employers | 983 | 1,025 |
| Estimated benefits paid plus unfunded net of transfers in | (2,264) | (2,399) |
| Closing fair value of fund assets | 94,002 | 86,298 |

Sensitivity analysis

| | £000 | £000 | £000 |
|------------------------------------|--------------|-------------|--------------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 114,637 | 117,580 | 120,602 |
| Projected service cost | 4,597 | 4,820 | 5,051 |

| | £000 | £000 | £000 |
|--|--------------|-------------|--------------|
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 117,702 | 117,580 | 117,460 |
| Projected service cost | 4,823 | 4,820 | 4,817 |

| | £000 | £000 | £000 |
|---|--------------|-------------|--------------|
| Adjustment to pension increases and deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 120,497 | 117,580 | 114,736 |
| Projected service cost | 5,052 | 4,820 | 4,597 |

| | £000 | £000 | £000 |
|--|----------------|-------------|----------------|
| Adjustment to life expectancy assumptions | +1 year | None | -1 year |
| Present value of total obligation | 122,011 | 117,580 | 113,328 |
| Projected service cost | 5,003 | 4,820 | 4,643 |

Notes to the financial statements for the year ended 31 July 2022

Projected pension expense

| | Year to 31 July 2023 |
|---------------------------------------|----------------------|
| | £000 |
| Service cost | 4,820 |
| Net interest of the defined liability | 761 |
| Administration expenses | 122 |
| Total loss | 5,703 |
| Employer contributions | 2,414 |

These projections are based on the assumptions as at 31 July 2022. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 July 2022.

30. Non-adjusting post balance sheet event disclosure

Urdang Academy

The transaction relating to the purchase of the Old Finsbury Town Hall premises and programme of the Urdang Academy completed post year end on 1 August 2022. The purchase price was £11M and was sat in prepayments at year end (note 16) as it was paid before the year end. This will be accounted for as an acquisition within City's 2022/23 financial statements.

31. Contingent liability

City is liable for the accommodation void costs of any unused rooms that are not taken up by its students during the year with its student accommodation providers. As it is not probable that this liability will be triggered and a cost actually materialising, this is classified as a contingent liability and is therefore disclosed within this note.

32. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, City is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- Prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- Prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- Presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Notes to the financial statements for the year ended 31 July 2022

Primary reserve ratio

| FS page | Expendable net assets | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------|---|--|----------------|-------------------------|----------------|
| | | | | | |
| Page 33 | Consolidated and City statement of financial position Unrestricted reserve | Net assets without donor restrictions | 248,267 | | 233,614 |
| Page 33 | Consolidated and City statement of financial position Restricted reserve | Net assets with donor restrictions | 19,235 | | 17,982 |
| Page 48 | Note 28 - all debit balances under debtor column as at 31 July | Secured and Unsecured related party receivable | 233 | | 14 |
| Page 48 | Note 28 - all debit balances under debtor column as at 31 July | Unsecured related party receivable | 233 | | 14 |
| Page 42 | Consolidated and City statement of financial position Fixed assets | Property, plant and equipment, net (includes Construction in progress) | 387,960 | | 398,339 |
| | PPE Breakdown below | Property, plant and equipment - pre-implementation | 372,547 | | 384,137 |
| | PPE Breakdown below | Property, plant and equipment - post-implementation with outstanding debt for original purchase | 0 | | 0 |
| | PPE Breakdown below | Property, plant and equipment - post-implementation without outstanding debt for original purchase | 13,170 | | 10,117 |
| Page 42 | Group and City's tangible assets - Assets under construction | Construction in progress | 2,916 | | 4,085 |
| | Statement of Financial Position - Lease right-of-use assets, net | Lease right-of-use asset, net | 0 | | 0 |
| | Note of the financial statements - Statement of Financial Position - Lease right-of-use asset pre-implementation | Lease right-of-use asset pre-implementation | 0 | | 0 |
| | Note of the financial statements - Statement of Financial Position - Lease right-of-use asset post-implementation | Lease right-of-use asset post-implementation | 0 | | 0 |
| | Statement of Financial Position - Goodwill | Intangible assets | 0 | | 0 |
| | Statement of Financial Position - Other intangible assets | Intangible assets | 0 | | 0 |
| Page 33 | Consolidated and City statement of financial position Pension provisions | Post-employment and pension liabilities | 116,514 | | 121,143 |
| Page 44 | Note of the financial statements - Note 19 Creditors amounts falling due after more than one year - Unsecured borrowings | Long-term debt - for long term purposes | 60,279 | | 60,268 |
| Page 44 | Note of the financial statements - Note 19 Creditors amounts falling due after more than one year - Unsecured borrowings | Long-term debt - for long term purposes pre-implementation | 60,279 | | 60,268 |
| | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Long-term debt - for long term purposes post-implementation | 0 | | 0 |
| | Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Line of Credit for Construction in process | 0 | | 0 |
| | Statement of Financial Position - Lease right-of-use asset liability | Lease right-of-use asset liability | 0 | | 0 |
| | Statement of Financial Position - Lease right-of-use asset liability pre-implementation | Pre-implementation right-of-use leases | 0 | | 0 |
| | Statement of Financial Position - Lease right-of-use asset liability post-implementation | Post-implementation right-of-use leases | 0 | | 0 |
| | Statement of Financial Position - Annuities | Annuities with donor restrictions | 0 | | 0 |
| | Statement of Financial Position - Term endowments | Term endowments with donor restrictions | 0 | | 0 |
| | Statement of Financial Position - Life Income Funds | Life income funds with donor restrictions | 0 | | 0 |
| Page 45 | Consolidated and City statement of financial position - Total restricted permanent endowments (note 21) | Net assets with donor restrictions: restricted in perpetuity | 7,320 | | 6,356 |
| | Total Expenses and Losses | | 448,472 | 839,808 | 458,622 |
| Page 31 | Consolidated and City statement of income and expenditure - Total expenditure less restricted permanent endowment expenditure (note 21) and total restricted expenditure (note 22) | Total expenses without donor restrictions - taken directly from Statement of Activities | 326,482 | | 250,220 |
| Page 31 | Consolidated and City statement of income and expenditure - actuarial loss in respect of pension schemes, less taxation, share of operating loss in joint venture and investment income | Non-Operating and Net Investment (loss) | -191 | | -3,455 |
| Page 31 | Consolidated and City statement of income and expenditure - (Loss) on investments | Net investment losses | 0 | | 0 |
| Page 21 | Consolidated and City Statement of financial position - Actuarial gain/(loss) in respect of pension schemes | Pension-related changes other than net periodic costs | 0 | | -3,791 |

Notes to the financial statements for the year ended 31 July 2022

Equity Ratio

| FS page | Modified Net Assets | | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------|--|--|-------------------------|---------|-------------------------|---------|
| | | | | | | |
| Page 33 | Consolidated and City statement of financial position Unrestricted reserve | Net assets without donor restrictions | | 248,267 | | 233,614 |
| Page 33 | Consolidated and City statement of financial position Restricted reserve | Net assets with donor restrictions | | 19,235 | | 17,982 |
| | Statement of Financial Position - Goodwill | Intangible assets | | 0 | | 0 |
| Page 48 | Note 28 - all debit balances under debtor column as at 31 July | Secured and Unsecured related party receivable | 233 | | 14 | |
| page 48 | Note 28 - all debit balances under debtor column as at 31 July | Unsecured related party receivable | | 233 | | 14 |
| | Modified Assets | | | | | |
| Page 33 | Consolidated and City statement of financial position - Total Asset | Total Assets | | 525,653 | | 511,611 |
| | Note of the financial statements - Statement of Financial Position - Lease right-of-use asset pre-implementation | Lease right-of-use asset pre-implementation | | 0 | | 0 |
| | Statement of Financial Position - Lease right-of-use asset liability pre-implementation | Pre-implementation right-of-use leases | | 0 | | 0 |
| | Statement of Financial Position - Goodwill | Intangible assets | | 0 | | 0 |
| Page 48 | Note 28 - all debit balances under debtor column as at 31 July | Secured and Unsecured related party receivable | 233 | | 14 | |
| Page 48 | Note 28 - all debit balances under debtor column as at 31 July | Unsecured related party receivable | | 233 | | 14 |

Net Income Ratio

| FS page | | | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------|---|---|-------------------------|---------|-------------------------|---------|
| | | | | | | |
| Page 31 | Consolidated and City statement of income and expenditure Unrestricted comprehensive (expense) /Income for the year | Change in Net Assets Without Donor Restrictions | | 14,653 | | -10,304 |
| Page 31 | Consolidated and City statement of income and expenditure - Total income and gain on investments | Total Revenue and Gains | | 345,321 | | 249,214 |

Property, plant and equipment breakdown

| | 2022 | 2021 |
|---|----------------|----------------|
| Pre implementation property plant and equipment | 372,547 | 384,137 |
| Post implementation property plant and equipment | 0 | 0 |
| Construction in progress | 2,243 | 4,085 |
| Post implementation property plant and equipment with no outstanding debt | 13,170 | 10,117 |
| Total | 387,960 | 398,339 |

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**UNIVERSITY
OF LONDON**

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