

Financial Statements 2021/22

LONDON
SCHOOL of
HYGIENE
& TROPICAL
MEDICINE



COUNCIL MEMBERSHIP

EXTERNAL MEMBERS

	Appointed Until
Mr Don Robert - Chairman	01 March 2023
Mr John O'Donnell, BA LLB LLM - Deputy Chair	31 July 2022 (resigned)
Mr Hitesh Patel (appointed Deputy Chair 1 August 2022)	22 September 2025
Ms Angela Darlington	31 July 2023
Dr Precious Lunga PhD	31 July 2023
Mr Mohamed Osman	31 July 2023
Professor Mike Turner	31 July 2023
Dr Annalisa Jenkins, MBBS, FRCP	31 July 2024
Ms Diana Layfield	31 July 2024
Dame Una O'Brien (resigned 31 July 2022)	31 July 2024

ELECTED MEMBERS OF STAFF

Dr Mishal Khan MA (Cantab) MSc PhD	31 July 2023
Dr Effua Usuf	31 July 2023
Mr Sunil Sharma	18 January 2024
Dr Kevin Tetteh, BSc PhD	31 July 2024

DIRECTOR

Professor Liam Smeeth MBChB FRCGP FFPH FRCP MSc PhD FMedSci (appointed 01 August 2021)	<i>ex officio</i>
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CHAIR OF THE STUDENTS' REPRESENTATIVE COUNCIL

Fatma Shakarchi (appointed 08 November 2021)	<i>ex officio</i>
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SECRETARY TO THE COUNCIL

Jenny Jenkin	<i>ex officio</i>
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IN ATTENDANCE

DEPUTY DIRECTOR AND PROVOST

Professor Anne Mills, DCMG CBE MA DHSA PhD FMedSci FRS	<i>ex officio</i>
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CHIEF OPERATING OFFICER

Dr Matthew Lee, PhD	<i>ex officio</i>
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KEY ADVISORS:

Bankers:	National Westminster Bank Plc Bloomsbury Parr's Branch PO Box 158 214 High Holborn London WC1V 7BX	Lawyers:	Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH
External Auditors:	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA	Internal Auditors:	PricewaterhouseCoopers LLP 1 Embarkment Place London WC2N 6RH

REGISTERED OFFICE: Keppel Street, London WC1E 7HT (www.lshtm.ac.uk)

Financial Statements for the Year Ended 31 July 2022

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Treasurer's Report

This report gives an overview of the London School of Hygiene and Tropical Medicine's (hereafter "LSHTM") activities and finances during 2021-22. In addition, the report highlights LSHTM's key strategic and operational objectives and the progress made in the course of the year in meeting these objectives.

LSHTM, its history and incorporation status

LSHTM has a worldwide reputation for its research, postgraduate studies and continuing education in public and global health. With an international presence and collaborative ethos, it is uniquely placed to influence global public health policy and translate research findings into tangible impact.

LSHTM was established in 1899 and is incorporated under a Royal Charter granted in 1924. Following approval by the Privy Council, a Supplemental Charter came into effect in March 2009.

Mission and purpose

LSHTM's mission is to improve health and health equity in the UK and worldwide; working in partnership to achieve excellence in public and global health research, education and translation of knowledge into policy and practice.

Our vision is for a more healthy, sustainable and equitable world for everyone.

This vision will drive our activities as we pursue our overall mission. Our values underpin our mission and express our expectations of everyone at LSHTM.

Competitive and regulatory environment and financial context

The Higher Education sector in the UK is broad, diverse and ever changing. The sector receives funding from a number of sources: direct from students for their education, through the tuition fees they pay; from government sources to support both education and research; from donors who wish to support the mission and strategy of universities; and from commercial trading activities.

LSHTM is regulated by the Office for Students (OfS). The OfS has a primary remit to ensure students receive a high quality and value for money educational experience. LSHTM has registered as a recognised education provider with the OfS and is subject to its regulatory requirements.

LSHTM receives government funding grants from Research England and the OfS for research, teaching and knowledge exchange. LSHTM is required to submit a series of financial, data and accountability returns to Research England and the OfS as part of the regulatory framework established by both bodies.

LSHTM is one of the world leaders in its field and attracts students from all parts of the world. Unlike for undergraduate UK and EU students, where tuition fees are regulated, LSHTM has full flexibility to set its postgraduate fees in line with its mission and to reflect its position in the sector globally.

LSHTM's research grant and contract portfolio is awarded by funders based on the quality of the scientific outputs expected, and their impact on policy and practice. In most cases LSHTM is competing for research funding with other universities, both in the UK and internationally.

Strategic Plan 2022-2027

LSHTM has recently published a new Strategy for 2022-2027. The Strategy is working towards a healthy, sustainable, and equitable world for everyone. It sets out LSHTM's priorities for the first five years of our journey towards our vision for 2032. We have shaped this around three strategic themes: research innovation and impact for health equity, education to improve health worldwide and thriving people and culture.

The Strategy has been developed in the context of shifting priorities in human health, which include climate change, environmental change, urbanisation, migration, social drivers such as racism and sexism, increased poverty and the continuing threat of endemic infectious diseases.

Treasurer's Report (continued)

Our strategic priorities over the period are:

Research, innovations & impact for health equity	Education to improve health worldwide	Thriving people & culture
Sustain and promote excellent human health research.	Research-rooted, stimulating and responsive education.	Inclusive and supportive culture.
Maximise the impact of our research mission through knowledge exchange and innovation.	Flexible and digitally enabled learning and teaching.	People focussed in all we do.
Strive for equitable and sustainable research and research partnerships.	An environment in which all students can achieve their potential.	Vibrant and effective LSHTM environment.
Advance multi and inter disciplinary research.	Foster the student experience.	
	Elevate and celebrate education.	

Sustainability, partnership, inclusivity and focussing on our strengths are all key underpinning guiding principles.

Full details of our Strategy are available on our website, lshtm.ac.uk.

Development and performance in the year against key strategies

We recognise that we live in increasingly uncertain and volatile times and also that our mission and the work that we do remains critical in tackling fundamental global health issues. Over the last year, along with all other UK higher education institutions, LSHTM has needed to continue its work against a backdrop of the COVID-19 pandemic, conflict in Ukraine, economic uncertainty and significant increases in costs, and political policy uncertainty.

Despite these challenges, we believe that we have continued to make great strides towards our continuing mission and key strategies. Some examples of this are given below.

A critical outcome for LSHTM during the year was the result of the UK's Research Excellence Framework (REF), which assesses the quality and impact of research undertaken by UK universities. It is a process of expert review undertaken by the UK higher education funding bodies.

The REF is critically important to LSHTM, both to demonstrate the quality and impact of our research to a global audience and also because the REF results are translated into UK government funding provided by Research England. This funding is of critical importance to LSHTM's research infrastructure and to enabling ground-breaking research.

LSHTM's REF results clearly demonstrated the world-leading research that is done and the impact on people and policy.

LSHTM is ranked first for the key measure of impact and joint 10th overall of all universities in the UK, in tables published by Times Higher Education.

LSHTM is also one of only three institutions found by the REF to be providing a world-leading environment for public health research in the UK.

All of LSHTM's 20 impact case studies covering clinical medicine and public health were considered to be world leading or internationally excellent in terms of originality, significance and rigour, with 15 awarded the highest 4* grade. The case studies show the strength of research activity and partnerships over many years, and their impact on people's health, public policy and society around the world.

Treasurer's Report (continued)

Research, innovation and impact

LSHTM's research strategy continues to focus on high quality, impactful research that utilises expertise across discipline areas and is undertaken in partnership with others who bring complementary skills and expertise.

Case study – COVID response

Multidisciplinary research at LSHTM was at the forefront of informing the UK response to the COVID-19 pandemic. Researchers presented key mathematical modelling and social and behavioural science to underpin government decisions such as curtailing mass gatherings, closing schools and full lockdown. These decisions avoided an unmitigated epidemic scenario and prevented the NHS from being overwhelmed. By tracking the R number to assess the rate of transmission, LSHTM research informed the safe easing of restrictions, reinforced by positive messaging to encourage people to comply with the measures.

From the early days of the outbreak, researchers at LSHTM provided continuous evidence and expert advice to the UK COVID-19 response, drawing on extensive experience from studying previous disease outbreaks around the world. Due to the fast-moving nature of the pandemic and the need for quick decisions, they presented data and results to UK government advisory bodies in real time.

The world-leading work of the whole LSHTM community on COVID-19 and pandemic preparedness was recognised in November 2021 by the award of a prestigious Queen's Anniversary Prize for Higher and Further Education. The award is part of the UK honours system and was awarded every two years by Her Majesty Queen Elizabeth the Second to institutions who have demonstrated excellence, innovation and practical benefit to the UK and the public.

Case study – beyond COVID: vaccine confidence

The research conducted by LSHTM's Vaccine Confidence Project (VCP) put vaccine hesitancy on the international policy agenda as a major threat to disease control and health. Its work has shaped the activities of key organisations, including the development of national strategies and the formation of mechanisms by the World Health Organization and European Union to tackle the problem. The VCP research identified emerging issues and was used to inform trust building strategies and counter anti-vaccination discourse. Lessons and VCP expertise were applied to monitor public sentiment around COVID-19 vaccines and the overall COVID-19 response.

LSHTM researchers pioneered the development of metrics to measure and monitor vaccine confidence, developing concepts and practical tools to study people's attitudes and emotions around vaccines. They also led the way by exploring determinants, monitoring changes, and developing guidance for immunisation programmes on building trust and managing risk.

The work of LSHTM on trust and attitudes towards vaccination has helped change the way in which the world thinks about vaccines, and influenced immunisation strategies around the world, bringing crucial evidence and insights to fast-moving and challenging situations affecting public health.

Case study – malaria vaccine

In October 2021, the World Health Organization (WHO) announced a landmark decision to recommend widespread use of a malaria vaccine for the first time (RTS, S/AS01), potentially saving tens of thousands of lives in Africa every year.

With partners around the world, LSHTM researchers have conducted a wide range of work that has helped develop crucial evidence underpinning this historic milestone in global health, from designing and implementing clinical trials, to researching where the RTS,S malaria vaccine might be best targeted and to whom.

LSHTM staff and partners in the UK and Africa have been at the heart of malaria vaccine research, from the first malaria vaccine trial in Africa in the 1990s through to field trials and associated evaluations, immunological and safety assessments of RTS,S in Tanzania and Ghana in the 2000s. More recently this has included analysis of WHO's pilot immunisation programme in Ghana, Kenya and Malawi where 800,000 children were given the vaccine.

With malaria still a major cause of death, especially among children in Africa, this decision has the potential to save millions of young lives.

Treasurer's Report (continued)

Case study – Monkeypox

On 23 July 2022, the World Health Organization's Director-General Tedros Adhanom Ghebreyesus declared the escalating global monkeypox outbreak a 'Public Health Emergency of International Concern'.

LSHTM researchers in collaboration with colleagues at the Hospital Universitario 12 de Octubre, the Germans Trias University Hospital, the Vall d'Hebron University Hospital and the Fight Against Infections Foundation carried out the most extensive study on monkeypox to date (August 2022). This indicated that infections in the current outbreak frequently presented with atypical symptoms and complications compared to previous epidemics or cases in endemic areas, which should be taken into account by medical professionals when diagnosing suspected cases, particularly in areas of high transmission or potential exposure.

The study also found that the average duration of the incubation period of the disease was observed to be 7 days. This is a relatively short period and suggested that receiving a vaccination prior to exposure in high-risk groups is likely to be more effective for controlling the outbreak than vaccinating after exposure.

Case study – Infected Blood Inquiry

The Infected Blood Inquiry was announced in 2017 as an independent public statutory inquiry to examine the circumstances in which men, women and children treated by National Health Services in the UK were given infected blood and infected blood products, in particular since 1970.

LSHTM researchers contributed to the Inquiry as members of the Statistics Expert Group, which investigated the number of infections from blood and blood products in the UK between 1970 and 1991, and the subsequent survival rate of those infected. This includes analysis of the numbers of infections with HIV, Hepatitis C virus, Variant Creutzfeldt-Jakob (vCJD) disease and Hepatitis B received from blood products and blood transfusions. The report from the Statistics Expert Group was published in September 2022 and they will give evidence to the Inquiry in November 2022.

Education

LSHTM's new education strategy focusses on the creation of a learning environment in which all students can flourish on stimulating programmes that are research-rooted and delivered flexibly and digitally. Many initiatives already underway will allow us to realise this aim.

LSHTM offers a broad range of education offerings, from open access bite-sized learning, to full MSc and PhD programmes.

Total London based Masters and doctoral students for the year ended 31 July 2022 were 1,294 (2021: 1,328). LSHTM maintains a broad mix of students from the UK, the European Union, Africa, the Americas and Asia-Pacific regions.

The number of active Online Learning students registered as at July 2022 was 2,046 (July 2021: 2,245 registrations).

Case study – development of a novel online MSc in collaboration with the University of Ghana

During the year, LSHTM staff have developed a new MSc programme in Sexual & Reproductive Health Policy and Programming. This programme aims to increase training and research capacity in sexual and reproductive health across sub-Saharan Africa by equipping and empowering sexual and reproductive health experts to influence long term policy and programming.

The programme is being run wholly online with the design and content carefully developed to ensure students receive high quality education which is digitally enabled and is flexible. There is a mix of live and interactive activities (synchronous learning) such as live online lectures, group discussions and seminars as well as recorded or self-directed study (asynchronous learning).

Partnerships are a key aspect of the way LSHTM approaches its academic mission. This new programme has been developed in partnership with the University of Ghana, who have worked jointly with LSHTM colleagues to develop academic content and delivery platforms that meet local needs of students in sub-Saharan Africa.

Treasurer's Report (continued)

The core modules on the MSc will be taught jointly by staff at the University of Ghana and LSHTM. Upon successful completion of the programme, students will be able to demonstrate advanced knowledge and understanding of policy and health system factors and the influence of socio-political, cultural, legal and ethical issues surrounding sexual and reproductive health and rights in low- and middle-income settings.

Case study – decolonisation

LSHTM recognises that its history and founding purpose was heavily influenced by the needs of the British Empire and colonialist views. August 2022 saw the publication of a report commissioned by LSHTM to understand better this history, and a new lecture series runs in the autumn of each year to introduce students to this history and help them to reflect on the enduring implications of colonialism for the fields of public and global health. We have also committed to a broader effort to decolonise the curriculum through reviewing teaching materials and practices.

Developing resources to support staff and increase their confidence to engage in these issues is one objective of LSHTM's wider Equity, Diversity and Inclusion Action Plan (further details of which can be found in the People and Culture section below). In December 2021, an innovative Moodle-based Decolonising the Curriculum Toolkit was published online, containing guidance and case studies of how staff have reviewed the content of their education materials and their classroom practices. This effort has been spearheaded by a team of Decolonising the Curriculum Facilitators, with support from LSHTM's Centre for Excellence in Learning and Teaching. An initial review by staff and students contributed to a first update of the toolkit, which led to the development of additional material.

The toolkit provides an extensive resource to guide our teaching staff in reviewing materials and approaches to learning and teaching through a decolonial lens. It provides guidance, links to other resources, and examples of how staff have brought decolonial perspectives into their teaching practice. The Toolkit is extremely easy to navigate and includes tiles on reading lists, images, language and creating inclusivity within the classroom. Many staff are now engaging with the Toolkit and reporting its usefulness in terms of their own teaching.

A Decolonial Learning & Teaching Framework will be launched shortly clarifying the expectations of staff with respect to decolonising their teaching. We have additionally recruited an Academic Developer in Decolonising Learning and Teaching to help advance LSHTM's commitment to decolonising the curriculum.

Case study – student support through Pentacell

'Pentacell' is a project that brings new students at LSHTM together in groups of five with a recent LSHTM alumnus to share useful course information, build soft skills and provide mutual social and emotional support. It aims to increase student wellbeing, improve engagement and foster a sense of belonging.

The Pentacell project significantly improved participants' student experience during the pandemic. The project delivered over 1,000 volunteer hours. One hundred alumni volunteers supported more than 500 students across 11 academic programmes. Around half the students were from outside the UK, and 30% came from low-and-middle-income countries (LMICs). Alumni facilitators came from 45 countries, with 35% from the LMICs.

The project won two prestigious CASE Circle of Excellence Awards with the judges determining that Pentacell provided an innovative approach that had great impact; was easy for other institutions to replicate; and a great way to engage current alumni and support students.

People and culture

We recognise that our people are fundamental in achieving our mission and strategically we are focussed on ensuring a vibrant and engaging LSHTM community that is inclusive and a culture that promotes our values of acting with integrity, working together, embracing difference and creating impact.

Case study – equity, diversity and inclusion: a key priority

In 2021, LSHTM commissioned an external independent review to address discrimination and advance anti-racism at the School. This was in response to both issues highlighted by the Black Lives Matter movement and to broader concerns about racism and colonial attitudes raised by LSHTM staff and students. The findings of this review were published in December 2021 and highlighted a number of areas of concern where urgent and longer-term action was needed.

Treasurer's Report (continued)

The findings were widely shared and discussed within the LSHTM community and extensive plans made to address the areas of concern, accompanied by appropriate governance and accountability structures, which include a dedicated sub-committee of our Council and regular independent scrutiny by PwC. This is and will continue to be a key priority for LSHTM.

During the year, good progress has been made against the early actions in the Equity, Diversity and Inclusion (EDI) Action Plan. One important action has been the appointment of a Pro-Director for EDI – this is a new senior leadership role to drive long-term change within LSHTM. Another has been the use of our 'Report and Support' process, providing a consistent means by which staff and students can raise concerns and have increased confidence these are going to be reviewed and the appropriate support provided. There have been around 100 reports made since its launch in September 2020 with an increase in reporting during the last twelve months in response to further roll out of training and promotional campaigns.

To demonstrate LSHTM's commitment to EDI, a new Equality Impact Assessment process has been developed. This aims to embed EDI principles with day-to-day decision-making.

This commitment to equity has been further demonstrated by the decision LSHTM has made to insource its cleaning, portering and security staff. This was completed in August 2022, with further commitments to harmonise salaries and other terms and conditions of employment for these staff.

Case study – supporting our staff in financially challenging times

LSHTM recognises the impact that higher cost of living is having on our staff community. As such, LSHTM acted early to provide our staff most in need with an additional salary payment in May 2022. The payment was structured to ensure staff at the lower end of our salary scales received the most benefit from the payment. The payment was well received by our staff, and was in addition to the national annual pay award for the higher education sector (effective from August 2022).

In September 2022, LSHTM launched a new staff discount scheme, giving a range of money saving possibilities on expenditure across many categories, including on essential purchases such as groceries, utilities and other household expenses.

Case study – a flexible approach to working

In October 2021, LSHTM formally introduced a Hybrid Working Framework, which empowers individuals, teams, departments and faculties to make local decisions on the working arrangements that most suit their work, personal situations and the needs of LSHTM. The framework embraces the principles of flexibility; a high-trust approach; supports health and wellbeing; and provides an opportunity to enhance our operational activities and collaborative working culture.

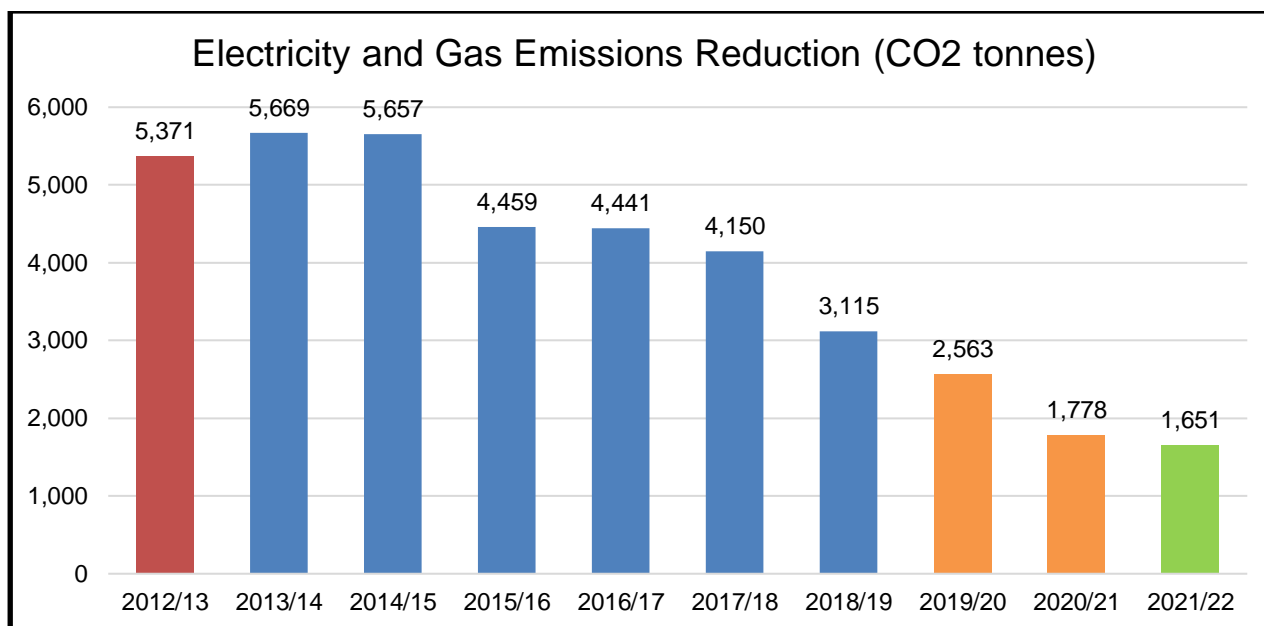
Unlike other organisations, LSHTM has not mandated working patterns or splits between working in LSHTM buildings and working remotely and most staff, where their roles allow them to do so, have been able to benefit from the framework's flexibility to work a proportion of their time at home.

Environmental sustainability

Environmental sustainability is a key underpinning theme within LSHTM's new Strategy, recognising the urgent need for all governments, organisations and individuals to address the climate crisis. Our academic research includes understanding and influencing debate regarding the impact of climate change on human and planetary health.

During the year, LSHTM achieved recertification of its ISO 14001 Environmental Management System (EMS). LSHTM was recertified for another three years following a rigorous external audit process. The audit evaluated LSHTM's processes for pollution prevention and environmental protection, and its compliance with all relevant environmental legislation. The audit also assessed whether continuous improvements in environmental performance are being achieved and objectives of the action plans were being delivered.

As an organisation, LSHTM has committed to being net carbon neutral by 2030. Our Scope 1 and Scope 2 emissions (use of electricity and gas) continue to reduce. The last two years have been influenced by lower use of our buildings due to COVID restrictions and the choices our staff have made in working part of their time from home. While we may expect an increase in coming years as our buildings are used more, these will be increasingly offset by a range of energy efficiency measures being put in place within our buildings.



Challenges remain in bringing down our Scope 3 emissions (created by our activities, such as business travel) which represent around 70% of LSHTM's overall carbon footprint. To help to address this, a new travel policy was agreed during the year which encourages the use of video conferencing and lower emissions modes of travel. Emissions from travel will be more closely monitored and reported through a new system and this will be a key element to affect the behaviour changes needed.

Further actions are planned to support visibility and engagement of our LSHTM community with the sustainability agenda.

Key performance indicators

In order to measure performance and progress against our objectives, LSHTM uses a range of key performance indicators (KPIs). The KPIs include key metrics that are used externally to assess LSHTM's performance, as well as more internally-focused indicators. Assessed against historic trends and positioning, we believe 2021-22 has been another successful year for LSHTM.

Research impact

Following the Research Excellence Framework results, LSHTM is ranked first for the key measure of impact and joint 10th overall of all universities in the UK, in tables published by Times Higher Education.

Recovery of research indirect costs

The absolute recovery of research indirect costs in 2021-22 was £14.0 million (2020-21: £14.0 million). As a relative measure to direct research expenditure (excluding collaborator payments), 2021-22 research indirect cost recovery was 20.1%, compared to 21.0% in 2020-21. COVID-19 disruption has continued to impact on a number of research projects and has slowed the rate of indirect cost recovery, particularly for some clinical trials.

Fundraising and philanthropic support

2021-22 completed a decade of unbroken growth in fundraising income for LSHTM. Donations income raised in the year was £8.2m, compared to £7.7m income raised in the previous year.

Overall financial health

Our surplus for 2021-22, after adjusting for the impact of the USS pension provision (as set out in the table below), has decreased to a deficit of £29.9m (2021: surplus £9.0m). Much of the decrease is related to prudent provisioning of inflation risk and holiday leave, which somewhat masks strong performance. This has enabled LSHTM to continue to invest in priority areas and significantly in our physical infrastructure (further detail on these is given in the Capital investment expenditure section below).

Treasurer's Report (continued)

Diversity and inclusivity

A number of measures are used to track progress against LSHTM's diversity and inclusion goals. In regard to gender, there remains a mean pay gap of 15.4%, but this gap has closed in recent years. LSHTM is committed to and is working towards eliminating the gender pay gap. Also on gender, LSHTM is ranked the UK's top university for the proportion of academic research with women listed as authors (2022 CWTS Leiden Ranking). The gender split at LSHTM across publications was 48% female authors and 52% male.

In regard to ethnicity, LSHTM's staff and student community is ethnically diverse, but there is a lower proportion of ethnic minority staff in senior roles. Work to address this is ongoing and is focussed on recruitment and promotions processes, especially in relation to academic roles where the differences are the greatest.

Student satisfaction

LSHTM measures overall student satisfaction by the results of the Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES). For the 2021-22 academic year, after careful consideration, LSHTM's Senate agreed to the delivery of a bespoke end-of-programme survey in place of PTES for the intensive MSc programmes. The bespoke survey allowed us to run the survey later in the year (following exams and projects) and to focus on particular areas that we wanted feedback on.

The results of this survey are not yet analysed in detail but the overall satisfaction score was 77%, down from 81% in 2020-21. Two particular issues that caused dissatisfaction were the industrial action that occurred during the year and our decision (as advised by our internal Infection Control Group at the time) to deliver our non-lab programmes online for the first 5 weeks of the academic year due to the Covid pandemic. Other areas where satisfaction scores were lower were assessment grading and feedback, communications, and feeling a part of the LSHTM community. Work is already underway as part of the Education Strategy to address these issues. Both a Student Experience and Widening Participation Strategy have now been developed and these will drive our efforts to amplify the student voice and create an environment in which all students feel they belong.

LSHTM participates in PRES every two years. We participated in 2020 and again in 2022. Our overall satisfaction rate was 83%, higher than the global average figure of all institutions surveyed of 80%. This also represents an increase from 2020, when overall satisfaction at LSHTM was 80%. We also scored well in relation to research culture, with 65% (a similar figure to the 66% scored in 2020), which is 8% above the global benchmark. Where we scored less well was in relation to progression, primarily driven by a lower than expected understanding of thesis requirements and final assessment procedures. LSHTM scored 76% for progression (the same as in 2020), which is 3.7% below the global average. Further analysis of the results is required, and then a plan to address the issues highlighted will be put in place.

Physical infrastructure

The quality and suitability of space for our staff and students is strategically and operationally critical, and LSHTM's performance in this regard is measured by the proportion of space graded in condition A or condition B, per the Higher Education Statistics Agency Estates return. The ongoing improvements in the estate have increased the proportion of space in condition A or condition B, which is now just under 50%. LSHTM remains at a relatively low level against this metric but the further improvement works taking place at both Keppel Street and Tavistock Place sites will lead to increases against this space condition metric.

Financial performance in the year

These financial statements report the results of LSHTM's activities for the year ended 31 July 2022 and have been produced in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 ('2019 SORP') and in accordance with Financial Reporting Standards (FRS102).

A summary of LSHTM's consolidated income, expenditure and out-turn for the year is provided below:

	2022	2021
	£m	£m
Income	261.4	244.2
Expenditure	(291.3)	(235.2)
(Deficit)/surplus before other gains and losses	(29.9)	9.0
Net operating cash flow	(28.1)	38.7
Cash and short-term investments	108.8	136.8

Treasurer's Report (continued)

LSHTM's consolidated surplus before other gains and losses for the year decreased from a surplus of £9.0m to a deficit of £29.9m on income of £261.4m (2021: £244.2m), a net deficit margin of 11.4% (2021: surplus of 3.7%). The 2022 and 2021 results are materially impacted by a change in the provision related to the USS pension scheme deficit (see Note 27 for further details).

Removing this item results in an adjusted surplus of:

	2022 £m	2021 £m
(Deficit)/surplus before other gains and losses	(29.9)	9.0
Remove impact of change in pension provision	36.5	(0.5)
Adjusted surplus	6.6	8.5
Adjusted surplus as % of income	2.5%	3.5%

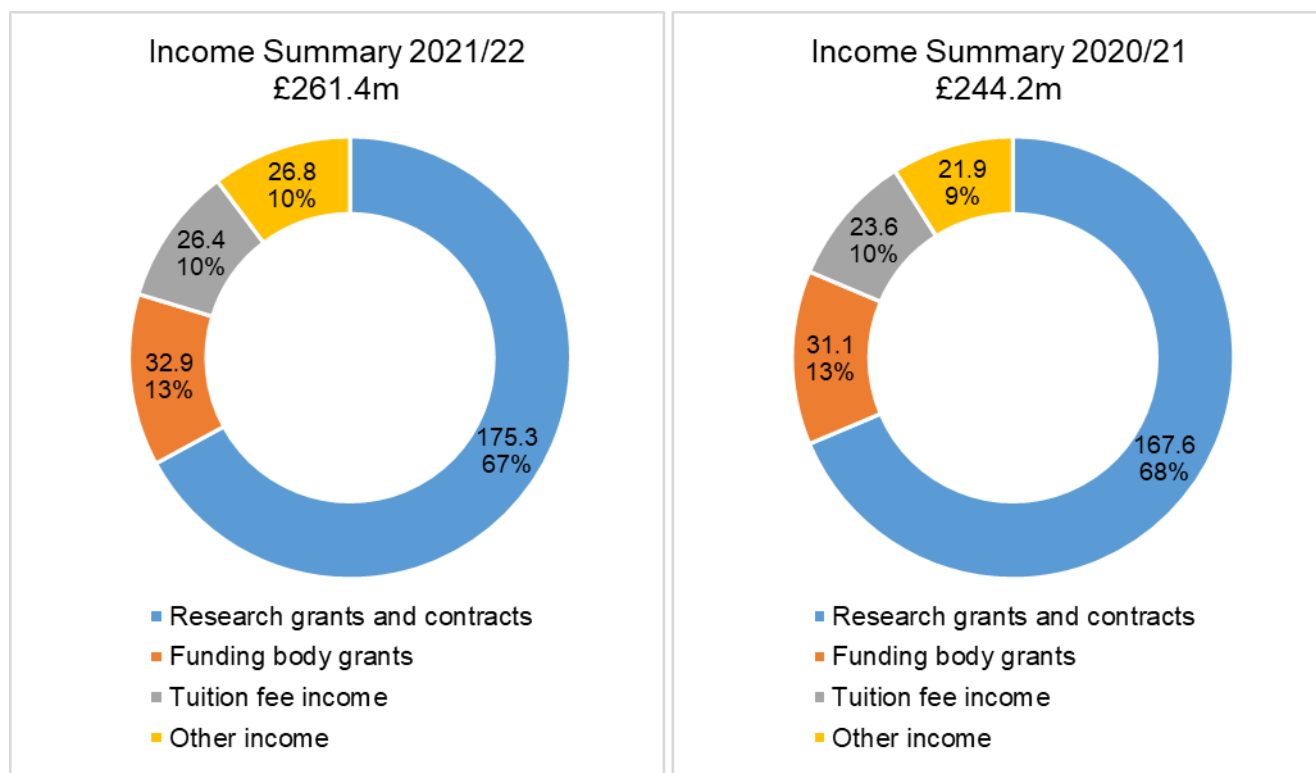
The adjusted surplus for 2022 is better than was budgeted, reflecting UK government short-term COVID support funding and lower than expected operating expenditure from vacant staff posts, both academic and administrative, and lower estate-related costs with continuing low occupancy of buildings in London.

Income

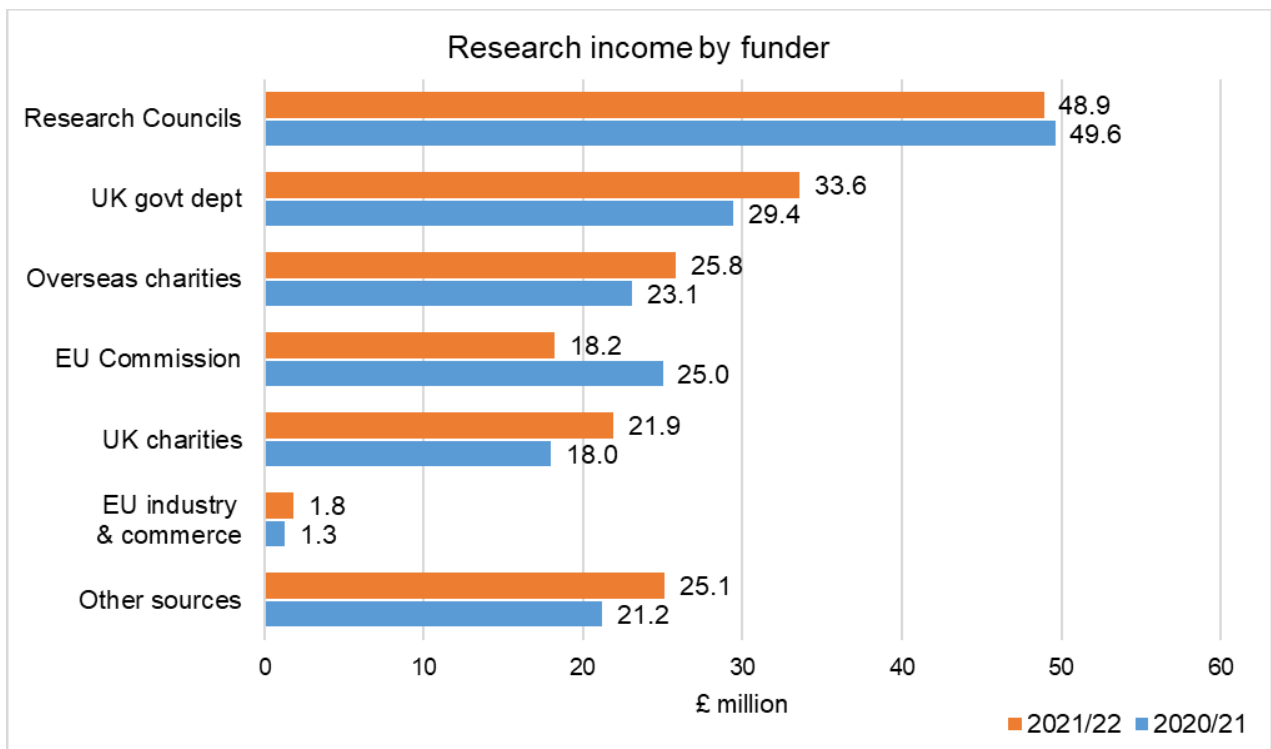
LSHTM's income increased from £244.2m to £261.4m, equivalent to 7.0%. The main elements of the change in income are:

- higher research grants and contracts, £7.7m;
- higher tuition fees, £2.9m, due to a change in the mix of students with a higher proportion of overseas students, and growth in income from our distance learning programmes;
- higher funding body grants, £1.8m, associated with additional short-term COVID support funding from Research England; and
- higher other income, £4.7m, due to an increase in donations and new activity in our subsidiary companies.

Within the Research Grants and Contracts income stream, the School has accounted for "in kind contribution" to the value of £1.4m (2021: £1.3m) associated with the Janssen Vaccines & Prevention B.V. (part of Janssen Pharmaceuticals) contribution to the Innovative Medicines Initiative (IMI) sponsored Ebola eradication programmes (EBOVAC1, EBOVAC2, EBOVAC3 and EBODAC).



Treasurer's Report (continued)



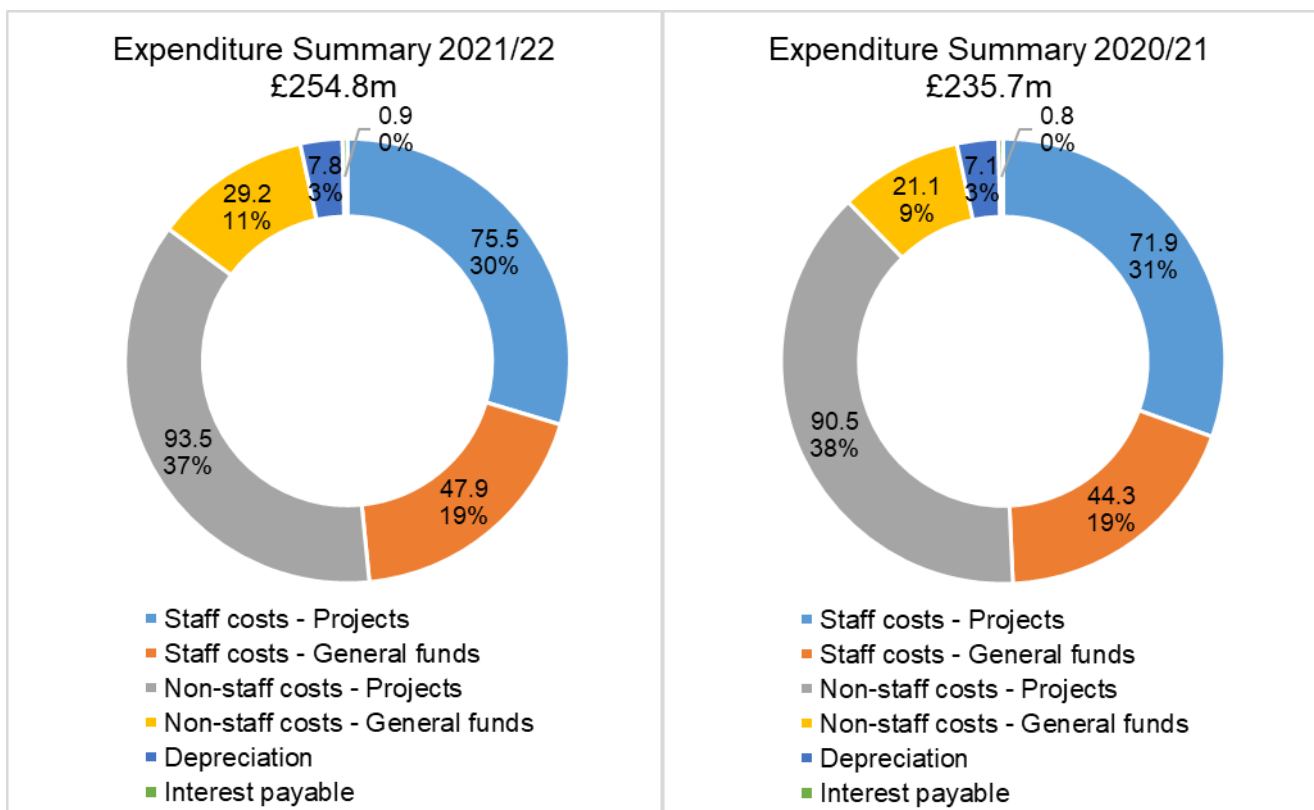
Treasurer's Report (continued)

Operating Expenditure

Total operating expenditure increased from £235.2m to £291.3m. The main elements of the change in operating expenditure are:

- The change in pension provision, from £0.5m release to £36.5m charge, so a movement of £37.0m.
- Higher general staff and other operating costs of £11.1m, reflecting general inflationary uplift; an increase in non-pension related provisions; new activity in subsidiary companies; and priority investments made.
- Higher project funded operating costs of £6.5m, reflecting higher activity levels and matched by higher income.
- Higher depreciation charge of £0.7m.

Operating expenditure breakdowns (excluding pension provision movement)



Expenditure per chart	254.8
Pension provision	36.5
Total expenditure	<u>291.3</u>

Expenditure per chart	235.7
Pension provision	(0.5)
Total expenditure	<u>235.2</u>

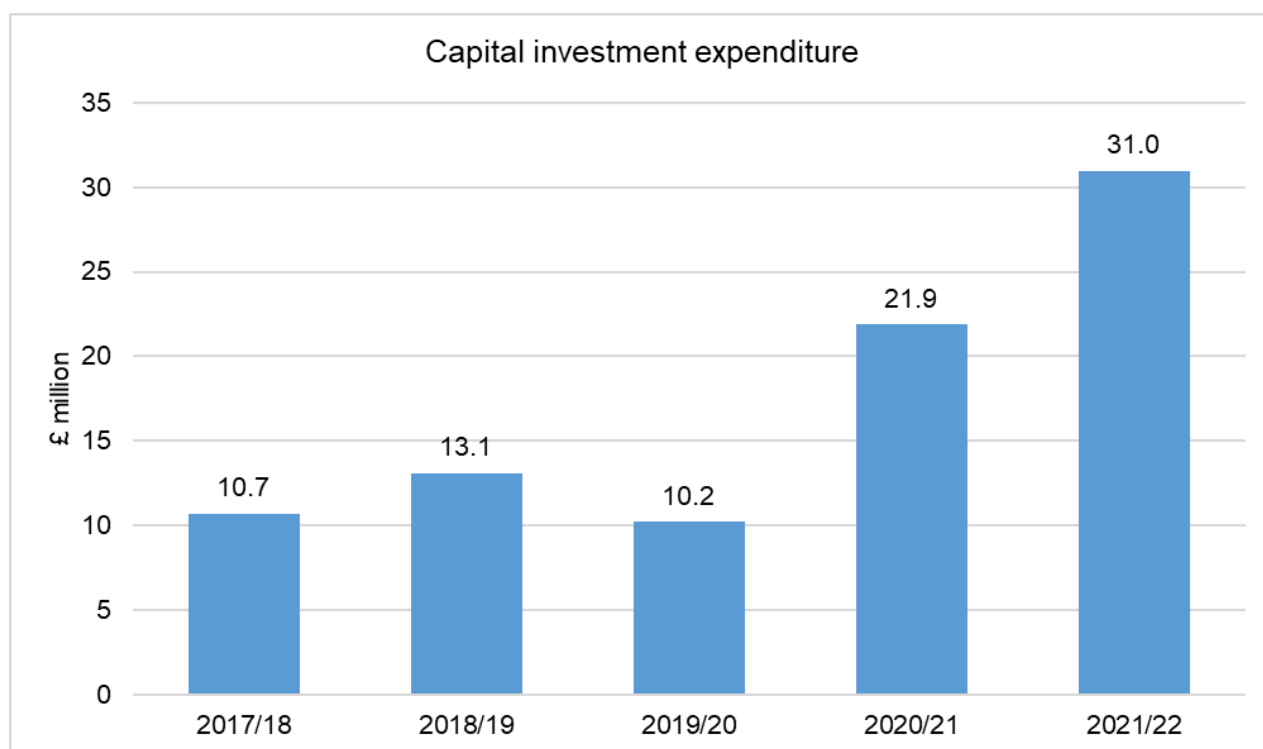
Treasurer's Report (continued)

Capital investment expenditure

Capital investment expenditure for the year was £30.8m (2021: £21.9m). Of this total, the largest components were the works at the Tavistock Place site to construct a new building and second phase of refurbishment of the Keppel Street site.

Total capital investment in the year also includes the replacement and renewal of research equipment and expenditure to enhance our core IT infrastructure and software systems.

These investments have been funded through capital grants from Research England, OfS and the Medical Research Council; and philanthropic donations received.



Cash flow, financing and balance sheet

During the year LSHTM generated net cash outflows from operating activities of £28.1m (2021: £38.7m inflow). These outflows were used to:

- service loan repayments of £1.1m (2021: £1.2m);
- place £20m (2021: £nil) on short term deposit; and
- invest in capital expenditure (net of capital grants) of £17.6m (2021: £11.0m).

In addition, there was a net inflow of £20.5m (2021: £1.9m) from endowments, deposits made and investment income.

The overall net change in cash for the year was a decrease of £48.0m (2021: £28.5m increase), however including the short term deposits the net change was £28m.

The cash flow for the year was influenced by the net capital expenditure and the reduction of advance research project funding; both of which were expected within our financial plan.

Cash and cash equivalents plus short term deposits at the year-end were £108.8m, representing 161 days of operating expenditure (excluding pension provision movement and depreciation). Of this total cash, £46.4m represents research project working capital, and is therefore not available for non-research operational or capital investment purposes.

LSHTM continues to repay outstanding bank loans, with total principal and interest payments on these loans in the year amounting to £1.1m (2021: £1.2m). There were no changes in the year to LSHTM's financing strategy.

Treasurer's Report (continued)

Total net assets decreased from £204.5m to £171.9m. This decrease was principally driven by a decrease in cash and the increase in the pension provision.

Debtors increased by £9.6m in the year. This was due to increases in funds held by currency brokers for foreign exchange hedging contracts which were 'out of the money' at the year end date (these funds are returned as each contract expires); and higher trade debtors reflecting increased project activities during the year.

Creditors due within one year decreased by £10.1m in the year. The decrease was mainly due to lower research funding received in advance.

Taxation

The majority of the LSHTM's activities are not subject to corporation tax. The income generated from the core activities of LSHTM, in relation to research and education are exempt from corporation tax. Any profits made by LSHTM's subsidiary companies are offset against prior year tax losses or are paid to LSHTM through the gift aid scheme, thereby maximising tax efficiencies available.

Reserves and investment policy

LSHTM's financial reserves remain healthy. Reserves are primarily measured by liquidity. The minimum liquidity for non-research cash agreed by LSHTM's Council is 50 days of expenditure. At the year-end, non-research cash days of expenditure were 92 days. In addition, LSHTM is holding £27.4m of endowment and donations reserves, which are used to directly support LSHTM's research work in numerous areas and financial support to LSHTM's students.

Pensions

LSHTM participates in a number of pension schemes. Further details can be found in Note 27.

The largest pension scheme in which LSHTM participates is the Universities Superannuation Scheme (USS). USS was last formally valued at 31 March 2020. At that valuation date, the actuarial deficit of the scheme was £14.1 billion, a significant increase on the £3.6 billion deficit at the previous valuation in 2018.

A number of changes were agreed to address this material scheme deficit, including a reduction in future member benefits; commitments from the scheme employers, including LSHTM, to measures that ensured the scheme covenant (the ability of employers to continue to support the scheme in 'stressed' scenarios) remained strong; and a small increase in employer contributions. These changes were not easily accepted by all stakeholders and were finalised in September 2021, after a long series of discussions and negotiations. The changes came into effect from 1 April 2022. USS is increasingly unusual in the UK pensions market, as it continues to offer a defined benefit element and is open to new members. Despite the benefit changes, LSHTM believes that USS remains an attractive option for members to save for their retirement.

LSHTM's notional share of the USS scheme deficit has been calculated based on a deficit recovery plan agreed as part of concluding the 2020 valuation. As noted above, the provision to make payments under this deficit recovery plan has materially increased. The calculation of this provision is subject to a number of assumptions, which are explained further in Note 27.

The funding position of USS is regularly monitored. Since the 2020 valuation, USS have estimated that the deficit has materially reduced. This is due to higher than expected returns on USS' investments and changes in the value of UK government bonds (also known as 'gilts'), which are one of the primary drivers of the calculation of the expected future pension liabilities. At 31 March 2022, USS have estimated the scheme deficit to be £1.5 billion. However, the position remains volatile, reflecting ongoing swings in the financial markets.

In October 2022, the UK's Chancellor of the Exchequer announced a 'mini-budget', which triggered a collapse in the price of long-dated index-linked gilts. This led some UK defined benefit (DB) pension schemes to experience liquidity issues linked to Liability-Driven Investment (LDI) strategies. USS was far less affected by these issues than other pension schemes. The USS strategy has elements of LDI but, as one of the relatively few DB schemes in the UK still open to new members, USS has relatively higher levels of growth assets.

Treasurer's Report (continued)

The next actuarial valuation of USS will be at 31 March 2023. If the scheme funding position at this valuation remains materially more positive, then it may be possible to reconsider the benefit changes resulting from the 2020 valuation and potentially also the level of contributions needed to fund future pensions. The key scheme stakeholders are actively discussing these options ahead of the valuation date.

LSHTM's second largest pension scheme is the Superannuation Arrangements of the University of London (SAUL). At SAUL's most recent valuation in March 2020, the scheme was under strain to meet future pension benefits. As such, through negotiation, changes were agreed to increase employer contributions in two stages (April 2022 and January 2023). New SAUL members from early 2023 will join a Defined Contribution feeder scheme for the first three years of their membership. The additional employer contributions to SAUL are not material to LSHTM's overall financial position.

Future Prospects

The impact of internal and external environment changes and LSHTM's future financial forecasts

The external environment is arguably more volatile and challenging than at any time in the last 40 years, driven by geo-political events and their economic impact. High-cost inflation and recent UK government economic policy are exacerbating short- and medium- term risk and uncertainty.

Cost inflation impacts LSHTM in a number of ways, including our staff costs from negotiated pay awards, on other operating expenditures especially consumption of electricity and gas and also on the ability for some of our research projects to deliver the intended scientific outputs originally costed into funding proposals. A number of our research funders are not currently recognising the full impact of inflation in their adjustments to project funding.

The ability to recruit and retain appropriate staff across a number of both general and specialist areas remains challenging, driven by high demand in the UK labour market post the COVID pandemic. LSHTM's staff are key in our continued success.

However, despite these uncertainties and challenges, LSHTM is well placed to continue to generate highly influential and impactful research and to deliver high-quality education. LSHTM remains well aligned to the key strategic objectives of our major research funders.

Short-term we know that the cost of living concerns are impacting on student decision-making. Recruitment to our intensive MSc programmes for 2022-23 is lower than we have planned, with a fall in our UK student numbers. We remain committed to financially supporting a wide range of students to enable access to our education offerings. In the medium-term, we believe that there remains high demand globally for high-quality education, which exceeds global supply.

LSHTM's financial forecasts anticipate a period of prioritised investment to deliver the key objectives set out in LSHTM's new strategy. These investments are expected to enable a further strengthening of LSHTM's financial sustainability by supporting growth in key income streams. Our forecast liquidity remains strong enough to allow progression of the major capital investments at the Tavistock Place and Keppel Street sites.

Treasurer's Report (continued)

Financing, treasury and liquidity

In order to continue to produce world-leading research outcomes and impacts and to deliver high-quality education, LSHTM continues to invest in our infrastructure, both physical and in key information and data systems.

LSHTM's Estates Strategy sets out the intention to modernise the Keppel Street site. The modernisation programme will be undertaken in a number of phases, with an overall anticipated spend of £100m in the next decade.

As noted above, we are also extending the Tavistock Place site, which is planned to be operational from early 2023, followed by a full refurbishment of the existing building on this site.

These material investments are expected to be funded through a combination of LSHTM's cash reserves, Funding Body capital grants and donations.

Liquidity is one of LSHTM's financial KPIs and the Council have set a minimum non-research cash level, as expressed in days of expenditure, to ensure a balanced approach to working capital, cash reserves and cash investment decision making. Our financial forecasts continue to anticipate positive cash generation from operating activities, in order to support the significant investments planned. The phased nature of the future capital investment programme allows LSHTM to assess its financial position and liquidity forecasts before proceeding and committing to further phases of expenditure.

Risk Management and Principal Risks and Uncertainties

The risk management process

The risk management process, based on sector guidance, is overseen by the Audit and Risk Committee and includes a Risk Management Framework and detailed Risk Registers. Further information on the risk management process can be found in the Corporate Governance section.

Principal risks and uncertainties

LSHTM's risk registers consider risk and mitigating actions in both strategic and operational aspects, including research, education, finance, people and culture, infrastructure, compliance and operational effectiveness. All risks are assessed against internal and external environment driven factors.

In regard to research, the main risks relate to LSHTM's ability to diversify its research funding so that it can adapt to an increasingly competitive and changing research funding landscape. LSHTM continues to engage with our major research funders to help horizon scan for new funding opportunities and ensure alignment with funders' research priority areas.

In education, transitioning to new delivery models whilst ensuring quality is maintained are key risks. Significant work is underway to develop an education strategy which will map out what key investments are needed to realise LSHTM's ambitions to further adapt, improve and grow its education activities.

Financial sustainability remains a key uncertainty; the current student recruitment landscape is challenging and LSHTM's financial position is compounded by external factors such as inflation.

Tackling inequalities and transitioning to new ways of working are the principal risks in regard to LSHTM's people and culture. LSHTM has taken a supportive and flexible approach to addressing these issues over the last year and will continue to ensure wide engagement on proposed future change proposals.

In terms of compliance, there are specific operational risks in regard to ensuring full mitigation against potential cyber attacks and also ensuring all data protection requirements are met.

Treasurer's Report (continued)

Going Concern

It is recognised that the impacts of the risks and uncertainties outlined in the section above, combined with ongoing risks associated with COVID-19, have placed greater emphasis in Council's consideration of making a positive statement that LSHTM is a going concern.

The impacts and mitigations have been expressed throughout this report. In summary, Council is reassured that the executive has taken appropriate steps to mitigate these impacts as far as is possible. To inform its assessment, Council has considered a number of scenarios, including those which 'stress test' the future resources of LSHTM, the responses that would need to be made under these scenarios and their likely effectiveness, and the likelihood of these scenarios becoming a reality.

After full consideration, the Council considers that LSHTM has adequate resources to continue in operational existence for the at least twelve months from the date of signing these financial statements. For this reason, the financial statements have been prepared on a going concern basis.

Public Benefit Statement

LSHTM is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. LSHTM's Council serves as our trustee and is responsible for defining our strategic aims and for directing the senior management of the School in the furtherance of our mission. When setting objectives and planning activities, Council, its committees and the Senior Leadership Team give careful consideration to the Charity Commission's guidance on public benefit and to the guidance issued by OfS in its role as principal regulator.

LSHTM's objectives are defined in our Charter as being "to promote original research, consultancy and education in public health and tropical medicine, both within the UK and internationally". LSHTM remains dedicated to these objectives, and to reducing inequalities in health and global disease burdens through research and education.

LSHTM's research encompasses a spectrum from fundamental laboratory research in infectious diseases and studies of disease causation, through development and assessment of novel interventions and services, to advising on implementation in real life settings of interventions, service and system reforms, and evaluation that informs policy and practice. We work with a range of partners at every stage; these include research collaborators in other academic settings, clinical and health practitioners, user communities and public, private and voluntary sector organisations.

In the most recent Research Excellence Framework (2021), LSHTM was ranked in the top 10 universities in the UK in tables published by the Times Higher Education on the key measure of Impact. LSHTM had the largest volume of world-leading research in the UK in Public Health, Health Services and Primary Care.

In education, LSHTM's overarching aims are to provide future leaders, practitioners, educators and researchers in public and global health with relevant education and to provide training of the highest quality, founded on our research. We have an excellent and highly committed multinational student and alumni population, with alumni in influential places and positions worldwide.

Examples which illustrate the public benefit of the LSHTM's work:

- 21 LSHTM staff are members of the UK Government's Scientific Advisory Group for Emergencies (SAGE) expert advisory groups and three are on the World Health Organisation's new SAGE working group on COVID-19 vaccines. Experts have provided ongoing mathematical modelling, social science guidance and scenario projection for UK government strategic decisions on COVID-19 control.
- LSHTM launched a new Centre for Epidemic Preparedness and Response at the end of 2021, harnessing our institution's unique experience, expertise and specialist capabilities to understand the challenges of the pandemic age and respond to outbreaks of disease. Co-directed by Prof Martin Antonio, Professor of Molecular Microbiology & Global Health at MRC Unit The Gambia, and Dr Adam Kucharski, Associate Professor in Infectious Disease Epidemiology at LSHTM, the Centre draws together a wide range of specialist expertise from across LSHTM and its partner institutes including leading researchers in epidemiology, anthropology, mathematical modelling, vaccine research, clinical trials, humanitarian crises, virology and epidemic-prone pathogens - all working to help humanity adapt faster to outbreaks of disease.

Treasurer's Report (continued)

- LSHTM jointly runs the UK Public Health Rapid Support Team in partnership with Public Health England. The £20m initiative, funded by the UK Government, means the UK has a fully operational specialist team that can be deployed anywhere in the world within 48 hours to tackle disease outbreaks which have the potential to develop into major health emergencies.
- LSHTM's Centre on Climate Change & Planetary Health works to prepare governments, academia, health systems and citizens for a new era of public health: one that can embrace and contend with the realities of the anthropocene. In 2021/22 they had a major presence at the COP26 conference, engaging with global policymakers on how to embrace new ideas, new ways of working, new technologies and new methodologies to tackle the challenges our changing planet places on human health.
- In the ShanghaiRanking's Global Ranking of Academic Subjects 2022 we placed 3rd in public health (1st in the UK). In the 2022 CWTS Leiden Ranking LSHTM is ranked the UK's top university for the proportion of academic research with women listed as authors and top in the UK for the proportion of academic research with women listed as authors. Our global partnerships are also recognised, with LSHTM placed first position in the UK and 10th in the world for the proportion of our research which includes international collaboration. In the US News Best Global Universities Ranking 2022, we ranked 2nd in the world for public, environmental & occupational health, 4th in the world for infectious diseases, 14th in the world for social sciences & public health, and 13th best University in the UK overall.
- Our world-class researchers all contribute to education programmes, and supervise masters and doctoral research projects that may align with larger staff-led research projects, relate to students' past or intended field of work, or meet the needs of host organisations. Students undertake research projects in the UK with Public Health England, NHS Trusts, private companies and charities. Many students' research projects are located overseas, often in low- or middle-income countries and in collaboration with NGOs such as MSF and Sight Savers.
- MRC Unit The Gambia at LSHTM and MRC/UVRI & LSHTM Uganda Research Unit have been providing critical frontline support to government and continental COVID-19 responses. In Uganda this included the first Ugandan SARS-CoV-2 full genome sequencing, and secured test reagents and personal protective equipment on behalf of the WHO in support of the national testing effort. In The Gambia, our team ran the country's only COVID-19 diagnostics centre, rapidly built three facilities to increase the number of hospital beds across the country and provide crucial clinical care for COVID-19 patients, produced 3D-printed PPE and cloth face masks in collaboration with local businesses, and supported the Gambian Ministry of Health's preparations for the national COVID-19 vaccination programme.

Although LSHTM is a wholly postgraduate institution, it is committed to widening participation and offers a number of scholarships to students both for its London-based and distance learning courses. We are also actively fundraising to increase the number and value of such scholarships. Our commitments in this area are set out in our new Strategy to Promote Access and Widening Participation.

LSHTM's public benefits are funded through Funding Body grants; public funding for teaching and research; tuition fees and donations from individuals and charitable foundations. The charitable work of LSHTM is also supported by its Council members, who give their time freely and unstintingly in support of the School.

In closing, I would also like to thank my fellow members of the Finance and Development Committee and the many LSHTM officials who support the Committee's work for their continued support, dedication and willingness to make their considerable experience available to the School quietly and with great dedication.

Approved by Council on 01 December 2022 and signed on its behalf by:

Ms Angela Darlington

Treasurer

Corporate Governance and Internal Control

Corporate Governance and Internal Control Statement

The following statement is provided to enable readers of the Financial Statements of the Group, which comprises the London School of Hygiene & Tropical Medicine (LSHTM) and its subsidiaries, to obtain a better understanding of the governance, management and legal structure of LSHTM. This Statement of Corporate Governance and Internal Control relates to the period covered by the Financial Statements and the period up to the date of approval of the audited Financial Statements.

LSHTM is committed to conducting its business in accordance with the seven principles identified by the Committee on Standards in Public Life. LSHTM's governing body, Council, is guided, but not limited, by the Committee of University Chairs' (CUC) Higher Education Code of Governance 2021. LSHTM's practices are consistent with the provisions of the code. In addition, LSHTM corporately, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity, which are enshrined in its Charter.

A list of Council members, who served during the financial year and until the date the financial statements were formally approved, can be found at the beginning of this document.

Constitution

LSHTM was established in 1899 and is incorporated under a Royal Charter granted in 1924. Following approval by the Privy Council, a Supplemental Charter came into effect in March 2009. The Charter establishes Council and Senate, each with clearly defined functions and responsibilities detailed in the Statutes, to oversee and manage LSHTM's activities.

LSHTM is a member institution of the University of London (UoL). LSHTM is included on the register of English higher education providers and complies with the ongoing conditions of registration which came into force on 01 August 2020. LSHTM continues to monitor any changes made by the OfS to its regulatory requirements in response to the Covid-19 pandemic and ensures that the relevant information is communicated to Council.

The University of London Act received Royal Assent in December 2018, following which, LSHTM, alongside other UoL colleges, has applied for University title. LSHTM's application for University Title has been recommended by both the Office for Students and Department of Education and will be made to the Privy Council in the upcoming academic year 2022/23.

LSHTM acquired degree awarding powers in 2010 although thus far it has not chosen to exercise them and continues to award degrees of the UoL.

Summary of LSHTM's Structure of Corporate Governance

Council is LSHTM's governing body and is responsible for the strategic oversight of LSHTM. Its specific responsibility includes approval of the financial strategy and securing its assets. Council comprises a majority of external members whose principal role is to bring independent expertise from a range of sectors and professional spheres and to hold, collectively, LSHTM executive to account. LSHTM's Executive Team comprises of the Director, their immediate reports and a number of Pro-Directors and Directors of Professional Services.

The external members of Council come from a wide range of backgrounds across the private and public sectors and collectively offer expertise in legal, financial and organisational matters as well as science, medicine, healthcare, policy and education. Independent Members of Council are appointed through a robust, transparent, open process managed by the Nominations Committee taking into consideration skills, experience and diversity. The Chair, who has overall responsibility for the conduct of Council, and the Deputy Chair are both Independent Members.

Mr Donald Robert is LSHTM's Chair of Council as appointed on 1 April 2021 and Mr John O'Donnell remained the Deputy Chair of Council until his retirement on 31 July 2022. Council, upon the recommendation from Nominations Committee, appointed Mr Hitesh Patel Deputy Chair of Council from 01 August 2022 onwards.

Council meets at least four times a year. Throughout the COVID-19 pandemic and remote working, Council and its Committees have met both virtually via online board packs and meetings held through video conferencing and face to face. This has allowed Council and its Committees to function without any disruption to their operations.

Corporate Governance (continued)

Committees of Council

A Statement of Council's Primary Responsibilities is set out in the next section of this document.

Council has a number of committees, laid down by Ordinance, to which it delegates much of its detailed work. The Committees are the Finance and Development Committee, the Audit and Risk Committee, the Nominations Committee, the Remuneration Committee, the People Committee, the Diversity and Inclusion Committee and Senate. Each of these committees is formally constituted with written terms of reference and specified membership, including a significant proportion of independent members, from whom its Chair is drawn; each reports regularly to Council.

The Finance and Development Committee meets six times each year and *inter alia* recommends to Council LSHTM's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Audit and Risk Committee meets four times each year. LSHTM's external and internal auditors are invited to attend all meetings of the Committee. The Committee considers detailed reports together with recommendations for the improvement of LSHTM's systems of control, and management's responses and implementation plans. It also considers reports from OfS and other LSHTM funders as they affect LSHTM's business, and monitors adherence with regulatory requirements. The Committee adopts a risk-based approach to internal audit planning and the internal audit work undertaken in the year ended 31 July 2022 has been governed by this approach. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee produces an annual report to Council covering all aspects of its work.

The Audit and Risk Committee reviews LSHTM's Annual Financial Statements, with particular regard to this statement of Corporate Governance, the external auditors' report, and adherence to LSHTM's accounting policies. Responsibility for assessing LSHTM's financial performance rests with the Finance and Development Committee.

The Nominations Committee considers vacancies for external members on Council and its sub-committees in accordance with CUC guidance. LSHTM's members are appointed via a fair and open selection process which includes online advertisements on multiple recruiting platforms and promotion via members extensively across relevant networks. A co-opted member recruitment process was developed and approved by the Nominations Committee on 20 November 2021.

The Nominations Committee's recommendations to Council take into account the balance of skills, knowledge and experience of Council and committees' members. An audit of Council members' skills and experience was undertaken, and the Nominations Committee will keep the mix of skills under review when considering future vacancies. LSHTM continues to strive to improve the diversity of Council and its sub-committees, reflecting its commitment to Athena SWAN charter, Equality Challenge and the values set out in the LSHTM Strategy.

The Remuneration Committee is responsible for determining and reviewing the salaries, terms and conditions, and any severance payments, for the Director and senior members of staff of LSHTM. The governance arrangements concerning the remuneration for the Director and senior staff follow the recommendations within the CUC Higher Education Senior Staff Remuneration Code.

LSHTM's approach to remuneration recognises the increasingly competitive environment in Higher Education both in the UK and internationally, the rising costs associated with living in London, as well as the need to recruit leaders who will maintain and enhance LSHTM's position as a leading institution with a significant international presence which is renowned for its research, postgraduate studies and continuing education in public and global health. Decisions to change salaries and emoluments are made based on the appropriate benchmark information and a review of performance against previously agreed objectives.

The Remuneration Committee is chaired by an independent member of Council and has up to five other independent members of Council, including the Chair and Deputy Chair of Council and two co-opted independent members. Neither the Director of LSHTM nor the Deputy Director and Provost are members of the Committee but may be requested to attend the Committee by the Chair to discuss the performance of their direct reports. They do not attend any part of a meeting for discussions on their own performance and remuneration.

Corporate Governance (continued)

The People Committee was established to demonstrate the priority Council places on matters related to staff. It has strategic oversight of, and reviews LSHTM's strategies, plans and objectives in relation to people-related matters including staff morale and engagement, wellbeing, culture, staff appraisal and training and development.

The Diversity and Inclusion Committee holds LSHTM and the Executive Team to account to ensure that LSHTM has an integrated and proactive approach to equality, diversity and inclusion, both in meeting its public sector equality duties and in addressing diversity and inclusion issues and to provide external insight and expertise. Its primary focus has been the commissioning of an 'Independent review to address discrimination and advance anti-racism and equality at LSHTM'.

In July 2022, Council approved the emerging D&I Committee and People Committee as the the strong consensus was that a merged committee would enable Council to better discharge its duties in respect of People, EDI, Culture and related matters. Council will approve the terms of reference and membership of the new merged committee, on the recommendation of Nominations Committee following a consultation with People and Diversity & Inclusion Committee members, on 01 December 2022.

The senior forum for consideration of all academic matters is the Senate, which includes representatives of senior and junior members of academic staff from across LSHTM together with professional support staff members and student representatives. The Senate reports to Council on matters it has considered, as set out in its terms of reference.

Statement of Internal Control

Council, as the governing body of LSHTM, has responsibility for controls that support the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which Council is responsible, in accordance with the responsibilities assigned to the governing body in the Charter, Statute and Ordinances and the OfS' regulatory framework.

Council ensures there are adequate and effective arrangements in place to manage public funds appropriately in line with the conditions of grant and the principles of regularity, propriety and value for money and to protect the interests of taxpayers and other stakeholders. This is achieved through the operation of policies, which are regularly tested by internal and external audit, or other internal monitoring with appropriate reports through to the Council after consideration by sub-committees as appropriate.

LSHTM's system of control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

It is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively.

This system of internal control was in place for the year ended 31 July 2022 and up to the date of the approval of the Financial Statements, and accords with OfS guidance.

Council is responsible for reviewing the effectiveness of the system of internal control. It has established the following processes:

- Council reviews the plans and strategic direction of LSHTM on an annual basis.
- The Audit and Risk Committee independently reviews the effectiveness of internal control systems and the risk management process.
- Council receives periodic reports from the Chair of the Audit and Risk Committee concerning issues of risk, internal controls and their effectiveness, which are informed by regular reports from members of the Executive Team and other managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Audit and Risk Committee reports to Council its findings in respect of the effectiveness of the risk management process. This is informed by the categorisation of risks and the maintenance of an institution-wide strategic risk register. The Strategic Risk Register includes cover all types of risk (business, operational, compliance and financial risk).
- LSHTM procures its internal audit service from PricewaterhouseCoopers (PwC), which operates to standards defined in the OfS Audit Code of Practice. The work of the internal audit service is informed by an analysis of risks to which LSHTM is exposed, and an annual internal audit plan is based on this analysis. The Audit and Risk Committee approves the internal audit plan.

Corporate Governance (continued)

- PwC submits regular reports to the Audit and Risk Committee that include an independent opinion on the adequacy and effectiveness of LSHTM's system of internal control, based on work undertaken in accordance with its approved audit plan, together with recommendations for improvement.
- Alongside the Strategic Risk Register, each Faculty and Unit maintains its own risk register. These registers are reviewed by the Executive Team via the internal Risk Management Group and by the Audit and Risk Committee.
- Each year, LSHTM conducts in-depth reviews of particular risk areas, themes or emerging issues. These assessments explore risk identification and monitoring, and links to the Strategic Risk Register.

Council's full review of the effectiveness of the system of internal control for the period under review was informed by the Audit and Risk Committee, the work of the internal auditors and the executive managers within LSHTM who have responsibility for the development and maintenance of the internal control framework. The review identified a number of areas of LSHTM's operations in which risks had been reported as "high" by the internal auditors during the annual internal audit; the review also noted that swift action has been taken or planned by the executive management to address the issues which had been raised.

LSHTM has a conflict of interests' policy specifically for members of Council, external members serving on committees and senior officers, and maintains a register of interests which may be consulted by arrangement with the Secretary and Registrar.

Details of related party transactions involving members of Council or senior officers are disclosed in Note 9 and Note 28 to the Financial Statements. The external members of Council do not receive any payment for the work they do for LSHTM, apart from the reimbursement of expenses.

Approved by Council on 01 December 2022 and signed on its behalf by:

Mr. Donald Robert
Chairman, Council

Responsibilities of Council

Statement of primary responsibilities

As set out in LSHTM's Ordinances, the primary responsibilities of Council are:

- i. to approve the mission and strategic vision of LSHTM, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders;
- ii. to ensure that processes are in place to monitor and evaluate the performance and effectiveness of LSHTM against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;
- iii. to appoint the Director of LSHTM as chief executive, and to put in place suitable arrangements for monitoring his/her performance;
- iv. to delegate authority to the Director for the academic, corporate, financial, estate and human resource management of LSHTM. To establish and keep under regular review the policies, procedures and limits of such delegated management functions;
- v. to ensure the establishment and monitoring of systems of control and accountability, including financial, human resources and other operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest;
- vi. to have the ultimate financial and business responsibility for LSHTM, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for LSHTM's assets, property and estates. This ultimate financial and business responsibility recognises that the Director has delegated powers from Council under iv above;
- vii. to be assured that the students' experience (including welfare) is maintained at a high level;
- viii. to safeguard the reputation and values of LSHTM;
- ix. to be LSHTM's ultimate legal authority and as such, to ensure that systems are in place for meeting all LSHTM's legal obligations and that LSHTM's constitution is always followed;
- x. to ensure that good governance operates including academic governance, including conducting Council's business in accordance with the best practice in HE corporate governance (including adherence to the Office for Students Conditions of Registration and the Committee of University Chairs' Higher Education Code of Governance);
- xi. to adhere to the principles of public life drawn up by the Committee on Standards in Public Life – i.e. Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership;
- xii. to provide formal annual assurances to the Office for Students on the reliability of degree standards and the continuous improvement of the student academic experience and of student outcomes;
- xiii. to act as trustee for any property, legacy, endowment, bequest or gift in support of LSHTM;
- xiv. to appoint a School Secretary to act as clerk to Council ensuring that he/she is solely accountable to the Chairman of Council for this governance role and that he/she has access to all information he/she requires to ensure good governance operates; and
- xv. to establish the following Committees required by the Office for Students, the HE Code of Governance or the Charter & Statutes: an Audit Committee, a Nominations Committee, a Remuneration Committee and Court.

The ordinances were updated and approved by Council on 01 December 2022.

Responsibilities in regard to these Financial Statements

Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of LSHTM and to enable it to ensure that the financial statements are prepared in accordance with LSHTM's Charter and Statutes, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2019) and the Office for Students 'Regulatory Notice 9: Accounts Direction'.

LSHTM's Charter states that Council has the sole management, control and supervision of LSHTM. The terms and conditions of funding set out by OfS and Research England require Council to ensure that Financial Statements are prepared for each financial year which give a true and fair view of the state of affairs of LSHTM and of its income and expenditure, cash flows and recognised gains and losses for that period.

Under LSHTM's Charter, Council has appointed a Finance and Development Committee and Audit and Risk Committee to undertake specific responsibilities in regard to these financial statements.

Responsibilities of Council (continued)

Council has taken reasonable steps to:

- i. 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 their respective terms and conditions of funding and any other conditions which they may from time to time prescribe;
- ii. ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- iii. ensure that there is an ongoing process for identifying, evaluating and managing LSHTM's significant risks, control and corporate governance;
- iv. safeguard the assets of LSHTM and to prevent and detect fraud, bribery and other irregularities; and
- v. secure the economical, efficient and effective management of LSHTM's resources and expenditure.

Financial statements are published on LSHTM's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of LSHTM's website is the responsibility of the Council. The Council's responsibility also extends to the ongoing integrity of the financial statements contained therein.

All of the current Council members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the university's auditors for the purposes of their audit and to establish that the auditors are aware of that information. Council members are not aware of any relevant audit information of which the auditors are unaware.

Approved by Council on 01 December 2022 and signed on its behalf by:

Mr. Donald Robert
Chairman, Council

Independent Auditor's Report to the Council of the London School of Hygiene & Tropical Medicine

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the School's affairs as at 31 July 2022 and of the Group's and the School's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of the London School of Hygiene and Tropical Medicine ("the School") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise the Consolidated and School statement of comprehensive income, the Consolidated and School statement of changes in reserves, the Consolidated and School balance sheets, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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 and the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Council of the London School of Hygiene & Tropical Medicine (continued)

Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- Funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The School's grant and fee income, as disclosed in note 3 to the accounts, has been materially misstated.

Responsibilities of the Council members

As explained more fully in the statement of Council Members' Responsibilities, the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members 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 members are responsible for assessing the Group and the School'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 members either intends to liquidate the Group or the School or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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 Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

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 posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Independent Auditor's Report to the Council of the London School of Hygiene & Tropical Medicine (continued)

The audit procedures to address the risks identified included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to assessing hedge effectiveness, assessing the Universities Superannuation Scheme liability, the calculation of the In-Kind Contribution recognised in the year, the valuation of land and buildings, the useful economic lives of fixed assets and onerous research contract provisions;
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted by individuals outside of their expected job roles, and others deemed unusual based on our expectations; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and UK Research and Innovation (including Research England).

Use of our report

This report is made solely to the Council members, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the School's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Jagger (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and LSHTM Statement of Comprehensive Income for the year ended 31 July 2022

	Note	2022		2021	
		Consol. £'000	LSHTM £'000	Consol. £'000	LSHTM £'000
Income					
Tuition fees and education contracts	1	26,432	26,432	23,559	23,559
Funding body grants	2	32,873	32,828	31,071	31,071
Research grants and contracts	4	175,341	175,341	167,569	167,569
Other income	5	18,197	18,844	14,108	13,418
Investment income	6	294	311	215	215
Donations and endowments	7	8,246	8,246	7,686	7,686
Total income		261,383	262,004	244,208	243,518
Expenditure					
Staff costs before pension adjustment	9	123,427	123,404	116,205	116,129
Pension adjustment	9	36,497	36,502	(510)	(508)
Total staff costs	9	159,924	159,906	115,695	115,621
Other operating expenses	10	122,727	123,058	111,608	111,288
Depreciation and amortisation	12/13	7,767	7,767	7,083	7,083
Interest and other finance costs	8	855	855	846	845
Total expenditure		291,273	291,586	235,232	234,837
(Deficit)/surplus before other gains, losses and share of operating deficit of joint ventures and associates		(29,890)	(29,582)	8,976	8,681
(Loss)/gain on sale of fixed assets	29	(40)	(11)	1	1
(Loss)/gain on investments	21	(1,808)	(1,808)	3,119	3,119
Share of operating deficit in joint venture	15	(50)	(50)	(164)	(164)
(Deficit)/surplus before tax		(31,788)	(31,451)	11,932	11,637
Taxation	11	(38)	-	-	-
(Deficit)/surplus for the year		(31,826)	(31,451)	11,932	11,637
Change in fair value of hedged financial instruments		(3,991)	(3,991)	563	563
Unrealised surplus on revaluation of land and buildings	13	3,179	3,082	2,219	2,117
Total comprehensive (expenditure)/income for the year		(32,638)	(32,360)	14,714	14,317
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(2,099)	(2,099)	3,134	3,134
Restricted comprehensive income for the year		1,805	1,805	2,396	2,396
Unres. comprehensive income for the year		(34,832)	(34,455)	5,383	5,087
Unrestricted hedging reserve comprehensive (expenditure)/income for the year		(662)	(662)	563	563
Revaluation reserve comprehensive income for the year		3,150	3,051	3,238	3,137
		(32,638)	(32,360)	14,714	14,317

All items of income and expenditure relate to continuing activities.
The notes on pages 41 to 66 form part of these financial statements.

Consolidated and LSHTM Statement of Changes in Reserves for the year ended 31 July 2022

Consolidated

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000			
Balance at 1 August 2020	17,470	4,709	99,200	(6,578)	75,013	189,814
Surplus from the statement of comprehensive income	3,134	2,396	8,621	-	-	14,151
Change in fair value of hedged financial instruments	-	-	-	563	-	563
Transfers between reserves	-	-	(3,238)	-	3,238	-
Total comprehensive income for the year	3,134	2,396	5,383	563	3,238	14,714
Balance at 31 July 2021	20,604	7,105	104,583	(6,015)	78,251	204,528
(Deficit)/surplus from the statement of comprehensive income	(2,099)	1,805	(28,354)	-	-	(28,648)
Change in fair value of hedged financial instruments	-	-	-	(3,991)	-	(3,991)
Transfers between reserves	-	-	(3,150)	-	3,150	-
Total comprehensive (Expenditure)/income for the year	(2,099)	1,805	(31,504)	(3,991)	3,150	(32,639)
Balance at 31 July 2022	18,505	8,910	73,079	(10,006)	81,401	171,889

LSHTM

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000			
Balance at 1 August 2020	17,470	4,709	97,058	(6,578)	74,851	187,510
Surplus from the statement of comprehensive income	3,134	2,396	8,224	-	-	13,754
Change in fair value of hedged financial instruments	-	-	-	563	-	563
Transfers between reserves	-	-	(3,137)	-	3,137	-
Total comprehensive income for the year	3,134	2,396	5,087	563	3,137	14,317
Balance at 31 July 2021	20,604	7,105	102,145	(6,015)	77,988	201,827
(Deficit)/surplus from the statement of comprehensive income	(2,099)	1,805	(28,076)	-	-	(28,328)
Change in fair value of hedged financial instruments	-	-	-	(3,991)	-	(3,991)
Transfers between reserves	-	-	(3,051)	-	3,051	-
Total comprehensive (Expenditure)/income for the year	(2,099)	1,805	(31,127)	(3,991)	3,051	(32,360)
Balance at 31 July 2022	18,505	8,910	71,018	(10,006)	81,039	169,467

Consolidated and LSHTM Statement of Financial Position as at 31 July 2022

	Note	2022		2021	
		Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Non-current assets					
Intangible assets	12	773	773	273	273
Tangible fixed assets	13	256,744	254,641	231,848	229,429
Investments	14	24,258	24,331	26,902	26,975
		<u>281,775</u>	<u>279,745</u>	<u>259,023</u>	<u>256,677</u>
Current assets					
Trade and other receivables	17	45,220	47,135	35,597	35,262
Short term deposits		20,000	20,000	-	-
Cash and cash equivalents	23	88,849	88,265	136,810	136,420
		<u>154,069</u>	<u>155,400</u>	<u>172,407</u>	<u>171,682</u>
Creditors: amounts falling due within one year	18	(124,373)	(126,116)	(134,515)	(134,169)
		<u>29,696</u>	<u>29,284</u>	<u>37,892</u>	<u>37,513</u>
Total assets less current liabilities		311,471	309,029	296,915	294,190
Creditors: amounts falling due after more than one year	19	(72,110)	(72,110)	(63,405)	(63,405)
Provisions	20	(67,472)	(67,453)	(28,982)	(28,958)
		<u>171,889</u>	<u>169,466</u>	<u>204,528</u>	<u>201,827</u>
Total net assets		171,889	169,466	204,528	201,827
Restricted reserves					
Income and expenditure reserve – endowment reserve	21	18,505	18,505	20,604	20,604
Income and expenditure reserve – restricted reserve	22	8,910	8,910	7,105	7,105
Unrestricted reserves					
Income and expenditure reserve – hedge reserve		(10,006)	(10,006)	(6,015)	(6,015)
Income and expenditure reserve – unrestricted		73,079	71,018	104,583	102,145
Revaluation reserve		81,401	81,039	78,251	77,988
		<u>171,889</u>	<u>169,466</u>	<u>204,528</u>	<u>201,827</u>
Total reserves		171,889	169,466	204,528	201,827

The Financial Statements on pages 28 to 66 were approved by Council on 01 December 2022 and signed on its behalf by:

Professor Liam Smeeth
Director

Mr. Donald Robert
Chairman, Council

Consolidated Statement of Cash Flows for the year ended 31 July 2022

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year		(31,827)	11,932
Adjustment for non-cash items			
Depreciation	13	7,443	6,885
Amortisation of intangibles	12	324	198
Loss/(gain) on investments		1,808	(3,119)
Movement in debtors		(9,624)	(7,423)
Movement in creditors		(11,957)	33,819
Movement in pension provision	10	36,497	(510)
Movement in other provisions	20	1,750	-
Share of operating deficit in joint venture	15	50	164
Adjustment for investing or financing activities			
Investment income	6	(294)	(215)
Interest payable	8	855	846
Endowment income	7	(253)	(1,705)
Loss/(gain) on the sale of fixed assets	29	40	(1)
Capital grant income		(2,912)	(2,136)
Net cash (outflow)/inflow from operating activities		(8,100)	38,735
Cash flows from investing activities			
Proceeds from the sale of fixed assets	29	548	35
Capital grants receipts		10,909	11,421
Investment income	6	294	215
Payments made to acquire fixed assets	13	(30,438)	(22,408)
Payments made to acquire intangible assets	12	(277)	(79)
Short term deposits		(20,000)	-
New deposits (Endowment cash received)	21	-	1,705
Net cash outflow from investing activities		(38,964)	(9,111)
Cash flows from financing activities			
Interest paid	8	(611)	(639)
Repayments of amounts borrowed		(538)	(516)
Endowment cash received		252	
Net cash outflow from financing activities		(897)	(1,155)
(Decrease)/increase in cash and cash equivalents in the year		(47,961)	28,469
Cash and cash equivalents at beginning of the year	23	136,810	108,341
Cash and cash equivalents at end of the year	23	88,849	136,810
Cash and case equivalents movement in year		(47,961)	28,469

Statement of Principal Accounting Policies

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further Education and Higher Education 2020 (SORP 2019) and in accordance with Financial Reporting Standards 102 (FRS 102). LSHTM is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

2. Accounting convention

The LSHTM is a not for profit higher education establishment operating in England. The registered Office is Keppel Street, London, WC1E 7HT, UK.

The Consolidated and Institution 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 (2020 edition). 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 2020, the Royal Charter, the Accounts Direction issued by Office for Students, 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.

3. Basis of Accounting

The financial statements are prepared in accordance with the historic cost convention, modified by the revaluation of fixed assets and derivative financial instruments.

4. Basis of consolidation

The consolidated financial statements include LSHTM and its subsidiaries for the financial year to 31 July 2022. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the equity method.

5. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income 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 and credited to the Consolidated Statement of Income over the period in which students are studying. Scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

Research grants and contracts are reviewed annually to assess whether there are any which would be considered underfunded and therefore should be classified as an onerous contract. A provision for such underfunding is then made in the year in which the future underfunding is identified.

Grant funding from Government Sources

Government revenue grants including the recurrent grants from the Office for Students and Research England and research grants are recognised in income over the periods in which LSHTM 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, until performance conditions are met, within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grant funding from Non-Government Sources

Research revenue grants from non-government sources are recognised in income according to the terms of the grant:

- a) Where the funder awards the grant on the basis of pre-agreed expenditure, which sets out the expected level of service or units of output, or a maximum total budget is agreed, then the expenditure against the project actual spend is used as the income recognition point.

Statement of Principal Accounting Policies (continued)

5. Income recognition (continued)

- b) Where the funder reimburses costs properly incurred against the grant purpose, or will expect repayment of any unspent funds at the end of the project, the income recognition will be the expenditure on the project.
- c) Where the funder receives some form of benefit of approximately equal value to the funding provided, the grant shall be treated as a revenue transaction. Income recognition will be in line with the project's expenditure.

Income received in advance of the performance related conditions being met, or expenditure against the project budget, is recognised as deferred income within creditors on the balance sheet and released to income as performance conditions are met or expended against the project budget.

Donations & Endowments

Donations without performance related conditions or restrictions are credited to the Consolidated Statement of Comprehensive Income under donations on entitlement to the income.

Donations and endowments with donor imposed restrictions are recognised in income when LSHTM 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.

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

Total Return

LSHTM operates a Total Return endowment investment management policy for permanent endowments and an associated Total Return Accounting policy. Total Return Accounting allows the spending of permanent endowment investment gains regardless of whether they are realised/unrealised capital gains or dividend/interest income. Investment gains on permanent endowment assets are recognised in the Statement of Comprehensive Income as accrued. The gains are recorded within LSHTM's permanent endowment reserves as unapplied return. For permanent restricted endowments unapplied return is transferred to unrestricted reserves as expenditure is incurred against the charitable purposes of each endowment. For permanent unrestricted endowments unapplied return is transferred to unrestricted reserves under a spend rule based on the estimated long-term investment real rate of return. This is calculated as a percentage (currently 4.0%) of the value of the brought forward endowment.

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

- a) Restricted donations - the donor has specified that the donation must be used for a particular objective.
- b) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of LSHTM.
- c) Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and LSHTM has the power to use the capital.
- d) Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

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

In-kind contributions

In-kind contributions i.e. services or goods provided to LSHTM for no financial consideration, are recognised in income when received. The income recognised is based on the estimated cost of the services or goods, which are independently verified. This cost is recognised in staff costs or other operating expenses as appropriate. The income and cost recognised are of equal amounts.

Statement of Principal Accounting Policies (continued)

6. Accounting for retirement benefits

LSHTM's employees participate in four defined benefit/hybrid pension schemes – the Universities' Superannuation Scheme (USS), which changed from a defined benefit scheme to a hybrid scheme where members accrue both an element of defined benefit and defined contribution pension benefits, with effect from 1 October 2016; the Superannuation Arrangements of the University of London (SAUL); the Medical Research Council Pension Scheme (MRCPS); and the National Health Service Scheme (NHSS). USS, SAUL and MRCPS are externally funded through member and employer contributions; NHSS is an unfunded scheme.

USS and SAUL were contracted out of the State Second Pension (S2P) up to 31 March 2016. From 1 April 2016, contracting out was abolished.

Each fund is valued every three years by professionally qualified independent actuaries.

The USS, SAUL and MRCPS are multi-employer trustee-administered schemes for which it is not possible to identify the assets and liabilities to LSHTM due to the mutual nature of the schemes as the assets are not attributed to individual institutions, and therefore these schemes are accounted for as defined contribution retirement benefit schemes and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraph 28.11 of FRS102 "Employee Benefits".

Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the USS scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS, SAUL and MRCPS schemes. LSHTM uses a recognised model within the Higher Education sector to calculate the fair value of the contractual commitment to fund past deficits in the USS, SAUL and MRC pension schemes. Further details of this can be found in the Key Judgements and Estimates section below.

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 LSHTM. Any unused benefits are accrued and measured as the additional amount LSHTM expects to pay as a result of the unused entitlement.

8. Foreign currency

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 balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date or, where there are related forward foreign exchange contracts, at the contract rates. The resulting exchange differences are taken to the Consolidated Statement of Comprehensive Income.

9. Tangible Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. LSHTM has a policy of ensuring an external revaluation takes place at regular intervals. In the intervening years between external valuations, LSHTM carries out an internal assessment, using published information on market rentals and building cost indices, to ensure that the

Statement of Principal Accounting Policies (continued)

9. Tangible Fixed assets (continued)

book values of its assets are not materially different from their fair values. Depreciation is subsequently charged on the revalued amount.

A valuation of all land and buildings at LSHTM's London sites was carried out as at 31 July 2022 by Gerald Eve LLP, Chartered Surveyors. Specialist academic and research land and buildings were valued on a depreciated replacement cost basis and all other buildings were valued on a market value basis. The valuation excludes any value associated with development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to LSHTM of between 10 and 50 years. Long leasehold buildings are depreciated over a useful economic life of 50 years irrespective of the length of the lease. Short-leasehold buildings, where the lease is less than 50 years, are depreciated over the life of the lease.

Expenditure on buildings in the course of construction is capitalised in the year in which it arises. No depreciation is charged until the year in which the asset comes into use.

Equipment

Equipment, including computers, costing less than £10,000 per individual item is recognized as expenditure and written off in full to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition.

All other equipment including computers above £10,000 per individual item is capitalised and stated at cost.

Assets are depreciated over their expected useful economic life, as follows:

Computer equipment	4 years
Equipment acquired for specific research projects	the remaining project life
All other equipment	4 years
Vehicles	8 years
Furniture	4 years

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

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 SOCIE.

10. Intangible Assets

Intangible assets costing less than £10,000 per individual item are recognised as expenditure and written off in full to the Consolidated Statement of Comprehensive Income in the year of acquisition, and assets costing above £10,000 are amortised over four years on a straight line basis.

11. Investments

Fixed asset investments and endowment asset investments are held on the Balance Sheet at market value. Unlisted investments are stated at historic cost less any provision for impairment in their value.

Statement of Principal Accounting Policies (continued)

12. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

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

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a) LSHTM has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount 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 LSHTM a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of LSHTM. 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 LSHTM a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of LSHTM.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

14. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

LSHTM, along with four other colleges in the Bloomsbury area, participates in the London International Development Centre (LIDC) which is a jointly controlled operation.

LSHTM accounts for its share of the assets, liabilities and cash flows from LIDC in the financial statements measured in accordance with the terms of the arrangement (see Note 15 to the Financial Statements).

15. Taxation

LSHTM is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. Accordingly, LSHTM is potentially exempt from taxation in respect of income and capital gains received within categories covered by Section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

LSHTM is partially exempt for the purposes of Value Added Tax (VAT) and is only able to reclaim a small element of VAT charged on its purchases of goods and services. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Statement of Principal Accounting Policies (continued)

15. Taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

16. Financial Instruments

Loans, investments and short-term deposits

All loans, investments and short-term deposits held by LSHTM are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however LSHTM has calculated that the difference between the historic cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Derivative instruments and hedge accounting

Derivatives are considered to be non-basic financial instruments and are initially measured at transaction price, then subsequently measured to fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Where a market for a financial instrument is not active, fair value is established using a valuation technique. LSHTM has applied hedge accounting in the year. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market based data.

LSHTM holds floating rate loans which expose LSHTM to interest rate risk, to mitigate against this risk LSHTM uses interest rate swaps. LSHTM has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt.

LSHTM has entered into currency forward exchange contracts in order to hedge against the risk of material fluctuations in currency exchange rates.

These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in income and expenditure.

17. Reserves

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

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

Statement of Principal Accounting Policies (continued)

18. Key Judgements & Estimates

FRS102 requires management to use judgements in applying estimates and assumptions which affect the reported amounts. Whenever a material judgement is called for, management relies upon advice and information from professional advisers, particularly where discount rates are required to calculate fair values.

a) Key judgements

i) Hedging provision

Management uses its judgement to assess the fair value and effectiveness of hedging instruments.

Swaps on bank loans

The fair value is assessed by the loan provider, by comparing the position of the swap terms against current financial market position. Both loans are assessed against 3-month LIBOR. Management test these fair value calculations by gaining an understanding and testing the reasonableness of the key assumptions on which they are based. In regard to the effectiveness of the hedging instrument, management assess three main criteria: the start and end date of the swap and the underlying loan, the equivalence of the loan repayment and swap reset; and the equivalence of the outstanding loan balance and swap amount.

Currency forward contracts

LSHTM hedges currency exchange rate risk using forward contracts. The fair value is assessed by the currency brokers by comparing the position of the forward contract terms against the current financial market's prevailing spot rates. Management test these fair value calculations by gaining an understanding and testing reasonableness of the key assumptions on which they are based.

ii) Land and buildings useful economic life

As part of the revaluation of the land and building assets of LSHTM in London, the remaining useful economic life of each was assessed by the valuer Gerald Eve. These useful economic life estimates are considered appropriate by management and consistent with current accounting policy.

iii) Ugandan land assets recognised for the LSHTM/MRC Uganda Unit

There is a legal requirement for land in Uganda to be owned within a legal entity with majority ownership of a Ugandan national and LSHTM has established MRC/UVRI and LSHTM Uganda Research Unit Limited for this purpose. The transfer agreements between LSHTM and MRC shareholders confirmed transfer of all assets, transferring the rights and therefore substance to LSHTM. It is the opinion of Council that LSHTM has full controls of the rights and rewards of ownership and therefore MRC/UVRI and LSHTM Uganda Research Unit Limited has been included within the consolidated numbers even though LSHTM owns less than 50%. The total value of land and buildings for the Uganda Unit has therefore been included within these financial statements based on an independent valuation by suitably qualified third parties and included based on this valuation, which management consider to represent their fair value.

iv) Onerous research contracts

The COVID-19 global pandemic has caused interruption to some of LSHTM's research project activities. There is the potential for additional costs to be incurred on interrupted projects in order to meet the contractual terms, where such additional costs will not be funded. Management has assessed the likelihood of unfunded research project costs and a provision for these has been made within these financial statements, as stated in Note 10. This assessment was formed through selecting a sample of projects based on the level of financial and operational risk for each project. The Principal Investigators of the selected projects completed a questionnaire indicating the expected financial impact of COVID-19 on the project. This was then extrapolated across the project population.

Statement of Principal Accounting Policies (continued)

18. Key Judgements & Estimates (continued)

v) *USS pension*

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) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

b) **Key estimates**

i) *Pension provision*

LSHTM uses a recognised model within the Higher Education sector to calculate the fair value of the contractual commitment to fund past deficits in the USS, SAUL and MRC pension schemes.

The pension provision relates to the USS. The value of the USS provision is most materially impacted by estimates of three factors applied to the deficit recovery period: the discount rate, the change in staff salaries each year due to pay award inflation and the change in staff numbers each year.

Management has used a discount rate of 0.87% (2021: 0.87%), as per guidance issued by the British Universities Finance Directors Group (commissioned from Mercers, a recognised pension scheme actuary). Based on LSHTM's financial forecasts the provision calculation also uses a 2.25% p.a. (2021: 2.25% p.a.) change for salary inflation and a 1.5% change p.a. (2021: 1.5% p.a. change) in staff numbers.

A sensitivity analysis of changes in these three factors on the provision is set out in Note 20.

ii) *In kind contribution*

LSHTM received in kind contributions for four of its clinical trials, which include vaccines and expert staff time free of charge, and in accordance with FRS102, the valuation of the vaccines and expert staff time are based on the certificates and reports received from the organisations who provided such in-kind contributions. These in-kind contributions are accounted for as research costs and as research income, with equivalent amounts. Full disclosure of the value received in year is stated in Notes 4 and 10.

iii) *Land and buildings valuation*

Building costs include the original purchase, where applicable, the cost of construction, attributable management costs and capitalised interest. The buildings are then subject to annual external revaluation by qualified valuers, however, there will always be an element of estimation in the valuation placed on land and buildings, which are taken as the value that the combined land and buildings could achieve were it to be sold as at the balance sheet date. Where indicators or impairment are identified, a detailed assessment is undertaken and a corresponding adjustment is included in the accounts.

Statement of Principal Accounting Policies (continued)

19. Going Concern

Based on assessment of LSHTM's latest financial forecasts, surplus targets, liquidity targets, security of income streams for research and education, and management of financial risks in the short-to medium-term, Council considers that LSHTM has sufficient financial resources and is confident that its future income streams will maintain these resources.

Council believes that LSHTM is well placed to effectively manage its business risks, despite the uncertainty resulting from the COVID-19 global pandemic and other economic uncertainties and has reviewed a number of alternative financial scenarios; the likelihood of downside scenarios becoming reality; and the mitigating actions that would be taken to ensure financial and operational sustainability. Downside scenarios include assumptions around the level of research income, USS pension costs, operating expenditure, capital expenditure and fundraising income.

Council has a reasonable expectation that LSHTM has adequate resources to continue in operation for at least twelve months from the date of signing these financial statements. Thus, it continues to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements

1. Tuition fees and education contracts

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Fees from full-time students charged UK fees	2,611	2,611	3,104	3,104
Fees from full-time students charged overseas fees	9,993	9,993	8,006	8,006
Fees from students charged part-time fees	1,698	1,698	1,233	1,233
Fees from students on short courses	1,306	1,306	1,112	1,112
Fees from distance learning courses	10,824	10,824	10,104	10,104
	<u>26,432</u>	<u>26,432</u>	<u>23,559</u>	<u>23,559</u>

2. Funding body grants

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Recurrent grants				
UKRI Research grants	20,849	20,849	20,948	20,948
OfS Teaching grants	3,057	3,057	2,559	2,559
	<u>23,906</u>	<u>23,906</u>	<u>23,507</u>	<u>23,507</u>
Specific grants				
Specialist Institution Funding	2,776	2,776	2,744	2,744
Higher Education Innovation Fund	2,249	2,204	1,727	1,727
Policy Support /Strategic Priority Fund	1,000	1,000	1,000	1,000
Specialist Provider Element	1,000	1,000	-	-
Business QR recovery	252	252	-	-
Enhancing Research Culture	215	215	-	-
QR research degree prog. recovery	109	109	-	-
Participatory Research Programme	96	96	-	-
Global Challenge Research Fund	-	-	649	649
Industrial Strategy NPIF	-	-	170	170
	<u>7,697</u>	<u>7,652</u>	<u>6,290</u>	<u>6,290</u>
Release of deferred capital grants	1,270	1,270	1,274	1,274
	<u>32,873</u>	<u>32,828</u>	<u>31,071</u>	<u>31,071</u>

3. Grant and fee income

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Grant and fee income				
Grant income from the OfS	3,057	3,057	2,559	2,559
Grant income from other bodies	29,805	29,805	28,863	28,863
Fee income for taught awards (excl. VAT)	22,243	22,243	19,283	19,283
Fee income for research awards (excl. VAT)	2,883	2,883	2,377	2,377
Fee income from non-qualifying courses (excl. VAT)	1,306	1,306	1,112	1,112
	<u>59,294</u>	<u>56,294</u>	<u>54,194</u>	<u>54,194</u>

Included within Grant income from other bodies is £34k (2021: £351k) of income relating to the UK Government's Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

4. Research grants and contracts

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
UK research councils	48,911	48,911	49,578	49,578
UK charities	21,876	21,876	18,001	18,001
UK government departments and health authorities	33,607	33,607	29,378	29,378
UK Industry & Commerce	2,412	2,412	920	920
UK other	927	927	1,085	1,085
EU charities	1,184	1,184	440	440
EU Commission and other government bodies	18,187	18,187	25,003	25,003
EU Industry & Commerce	1,754	1,754	1,327	1,327
EU other	2,414	2,414	4,207	4,207
Charities based outside the EU	25,841	25,841	23,065	23,065
Government bodies outside the EU	9,168	9,168	7,037	7,037
Industry and commerce outside the EU	1,615	1,615	772	772
Other sources outside the EU	7,445	7,445	6,756	6,756
	175,341	175,341	167,569	167,569

Included within EU Industry and Commerce in 2022 is an amount of £1,429k (2021: £1,327k) relating to the supply of vaccines and expert staff time on three clinical trials. LSHTM received the vaccines and expert staff time free of charge for the trials and, in accordance with FRS102, the income has been shown above and costs of £1,429k (2021: £1,327k) are shown in Other costs under Research grants and contracts (Note 10).

5. Other income

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research consultancy	2,422	2,407	3,515	1,819
Other non-research grant income	6,204	6,204	5,440	5,440
	8,626	8,611	8,955	7,259
Refectory	102	102	-	-
Other income	9,469	10,131	5,153	6,159
	9,571	10,233	5,153	6,159
	18,197	18,844	14,108	13,418

Included within Other non-research grant income is £34k (2021: £351k) of income relating to the UK Government's Coronavirus Job Retention Scheme. Other income consists of a number of non-research projects, none of them are individually material.

Notes to the Financial Statements (continued)

6. Investment income

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Other investment income	294	311	215	215
	<u>294</u>	<u>311</u>	<u>215</u>	<u>215</u>
	<u><u>294</u></u>	<u><u>311</u></u>	<u><u>215</u></u>	<u><u>215</u></u>

7. Donations and endowments

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Endowments	253	253	1,705	1,705
Donations with restrictions	7,993	7,993	5,981	5,981
	<u>8,246</u>	<u>8,246</u>	<u>7,686</u>	<u>7,686</u>
	<u><u>8,246</u></u>	<u><u>8,246</u></u>	<u><u>7,686</u></u>	<u><u>7,686</u></u>

8. Interest and other finance costs

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Loan interest	611	611	639	639
Net charge on pension scheme	244	244	207	206
	<u>855</u>	<u>855</u>	<u>846</u>	<u>845</u>
	<u><u>855</u></u>	<u><u>855</u></u>	<u><u>846</u></u>	<u><u>845</u></u>

9. Staff costs

Staff costs:	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Salaries	98,938	98,920	93,055	93,007
Social security costs	7,941	7,940	7,332	7,317
Other pension costs	16,233	16,229	15,460	15,447
Apprenticeship levy	315	315	358	358
Movement in USS pension deficit recovery plan provision (Notes 20,27)	36,497	36,502	(510)	(508)
	<u>159,924</u>	<u>159,906</u>	<u>115,695</u>	<u>115,621</u>
	<u><u>159,924</u></u>	<u><u>159,906</u></u>	<u><u>115,695</u></u>	<u><u>115,621</u></u>

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Emoluments of the Director:	2022	2021
	Prof. Liam Smeeth £'000	Prof. Peter Piot £'000
Basic salary	215	289
Bonus	35	40
Bonus waived	(35)	-
Allowances linked to clinical academic role	80	-
Payment in lieu of pension contributions	60	-
Pension contributions to USS	-	60
Salary sacrifice	-	(28)
	<u>355</u>	<u>361</u>

Of the total emoluments of the Director set out above, £63k out of £80k of allowances (£2021: £nil for Prof. Peter Piot) was funded by the NHS in respect of Prof. Liam Smeeth's role as an NHS clinician. In 2022, none of the Director's remuneration (2021: £216k for Prof. Peter Piot) was funded by philanthropic donations, external grants and specific other funding sources.

Pay Ratio Calculations based on the Director's salary

The below sets out the multiple of the Director's salary compared to the median LSHTM employee salary.

	2022	2021
Basic salary ratio	4.7	6.5
Total remuneration ratio	8.5	8.1

The 2021 total remuneration ratio has been restated to include pension contributions and salary sacrifice.

Justification for total remuneration package:

LSHTM's Remuneration Committee reviews the performance and determines the terms and conditions of the Director and the Senior Office Holders. It ensures such staff are appropriately rewarded in terms of their recruitment, retention and motivation through a process which is robust and proportionate in its use of funds.

The Remuneration Committee is chaired by an independent member of Council, and also consists of the Chair of Council, Deputy Chair of Council, up to three other independent members of Council and up to three Co-opted members (if required). The Director of HR attends in an ex officio capacity. The Remuneration Committee's terms of reference are published on the LSHTM website.

The Director's salary and performance are reviewed annually by the Remuneration Committee, following a performance assessment by the Chair of Council who undertakes an annual review of the Director's performance, considering achievements over the past 12 months and sets agreed objectives and KPIs for the coming year(s).

The Director's remuneration has been reviewed against performance over the last year, where LSHTM has demonstrated continuing strong performance academically and financially against the objectives set by LSHTM's Council. This strong performance includes continued success in attracting research grant funding, world-leading research outputs and impact on global health and health policy and a stronger financial position. LSHTM's financial performance is explained more fully in the Treasurer's Report within these financial statements.

The Director's remuneration is also set in the context of LSHTM's global reputation as a leader in its field of academic and scientific endeavour and recognising that LSHTM is a truly global organisation with ongoing activity in many countries which adds leadership, organizational, regulatory and management complexity.

The Director's remuneration package reflects the leadership skills required of a globally recognised and high-performing higher education institution and his global influence in health sciences and global health policy development.

The Director voluntarily forfeited £35,000 from his remuneration package for the 2021/22 academic year. The Director does not have any accommodation provided by LSHTM.

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Number of staff with a LSHTM funded FTE basic salary of £100,000 or more (including the Director):

	2022 No.	2021 No.
£100,000 to £104,999	20	21
£105,000 to £109,999	22	10
£110,000 to £114,999	19	15
£115,000 to £119,999	5	6
£120,000 to £124,999	3	3
£125,000 to £129,999	3	2
£130,000 to £134,999	-	-
£135,000 to £139,999	2	2
£140,000 to £144,999	-	-
£145,000 to £149,999	1	1
£150,000 to £154,999	-	1
£155,000 to £159,999	-	-
£160,000 to £164,999	1	-
£165,000 to £169,999	1	2
£210,000 to £214,999	1	-
£285,000 to £289,999	-	1
	<u>78</u>	<u>64</u>

Average staff numbers by major category:

	2022 No.	2021 No.
Teaching and Research staff in academic faculties	888	873
Support staff in academic faculties	263	270
LSHTM/MRC research units in Gambia and Uganda	2,127	1,918
Central services	296	299
Premises	34	31
	<u>3,608</u>	<u>3,391</u>

Key management personnel

Key management personnel are members of the Senior Leadership Team who have authority and responsibility for the planning, directing and controlling of activities of LSHTM.

	2022 £'000	2021 Restated £'000
Key management personnel total remuneration	<u>2,174</u>	<u>1,868</u>
	No.	No.
Number of key management personnel (no. of individuals)	12	12

The 2021 figure has been restated to include full costs of employment.

Key management personnel who served during the year are:

Prof Liam Smeeth	Director & Professor of Clinical Epidemiology
Prof Dame Anne Mills	Deputy Director and Provost & Professor of Health Economics and Policy
Dr Matthew Lee	Chief Operating Officer
Ms Jenny Jenkin	Secretary & Registrar
Prof Elizabeth Allen	Dean of Faculty & Professor
Prof Alison Grant	Dean of Faculty & Professor
Prof Kara Hanson	Dean of Faculty & Professor
Mr Craig Higgins	Pro-Director (Education)
Prof Umberto D'Alessandro	Director, MRC Unit The Gambia at LSHTM
Prof Pontiano Kaleebu	Director, MRC/UVRI & LSHTM Uganda Research Unit
Mr Kessar Kalim	Director, Human Resources
Mr Andrew Dyer	Director, Finance

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Changes to key management personnel after the balance sheet date:

Professor Dame Anne Mills will be stepping down as Deputy Director & Provost on 31 December 2022.

Ms Jenny Jenkin will be leaving as Secretary & Registrar on 31 December 2022.

Mr Kevin Coutinho, Pro-Director for Equality, Diversity & Inclusion, joined on 17 October 2022.

Ms Katie Steels, Director of Communications and Engagement, joined Executive Team on 01 November 2022.

Council members

No Council member has received any remuneration/waived payments from the Group during the financial year 2022. The total expenses paid on behalf of Council members was £nil (2021: £nil).

10. Analysis of total expenditure by activity

	2022 Consolidated £'000			2021 Consolidated £'000		
	Total	Staff	Other	Total	Staff	Other
Academic faculties:						
General funds	25,448	21,605	3,843	23,842	20,791	3,051
Projects:						
Research grants and contracts	146,201	64,964	81,237	143,506	61,807	81,699
LSHTM/MRC Units	13,792	7,631	6,161	11,491	6,965	4,526
Consultancy agreements	2,407	699	1,708	1,819	854	965
Other grants	6,581	2,242	4,339	5,628	2,286	3,342
Total academic faculties' expenditure	194,429	97,141	97,288	186,286	92,703	93,583
Academic services	15,139	9,447	5,692	14,219	9,347	4,872
Administrative services	14,752	11,766	2,986	13,049	10,855	2,194
Maintenance of premises	5,381	1,009	4,372	5,463	1,041	4,422
Equipment and furniture	195	-	195	77	-	77
Refectory	614	461	153	399	391	8
Provisions – pension	36,497	36,497	-	(510)	(510)	-
Accrual – annual leave	1,062	1,062	-	56	56	-
Provision – onerous research projects	1,750	-	1,750	-	-	-
General education expenditure	4,127	1,322	2,805	2,845	721	2,124
Studentships	3,405	-	3,405	3,175	-	3,175
Other expenditure	4,925	1,219	3,706	2,208	1,091	1,117
Currency exchange rate losses	375	-	375	36	-	36
	88,222	62,783	25,439	41,017	22,992	18,025
	282,651	159,924	122,727	227,303	115,695	111,608

As explained in Note 4, LSHTM has received vaccines and expert staff time for three clinical trials free of charge. Costs of £1,429k (2021: £1,327k) are included in Other costs under Research grants and contracts.

Included in Research grants and contracts other expenditure is £1,750k (2021: £nil) as a provision for onerous contracts as a result of potential unfunded additional costs to meet contractual commitments resulting from increasing inflation in the countries in which LSHTM operates.

Notes to the Financial Statements (continued)

10. Analysis of total expenditure by activity (continued)

Other operating expenses include:		2022	2021			
		£'000	£'000			
LSHTM financial statements audit		97	90			
Subsidiary financial statements audit		11	9			
US Loans FFELP audit		8	4			
US DoE Agreed Upon Procedures		-	2			
		116	105			
Operating lease rentals:						
Property		472	173			
Other		46	46			
Academic faculties:						
		2022 LSHTM £'000		2021 LSHTM £'000		
	Total	Staff	Other	Total	Staff	Other
General funds	25,448	21,605	3,843	23,842	20,791	3,051
Projects:						
Research grants and contracts	146,201	64,964	81,237	143,506	61,807	81,699
LSHTM/MRC Units	13,792	7,631	6,161	11,491	6,965	4,526
Consultancy agreements	2,407	699	1,708	1,819	854	965
Other grants	6,581	2,242	4,339	5,628	2,286	3,342
Total academic faculties' expenditure	194,429	97,141	97,288	186,286	92,703	93,583
Academic services	15,139	9,447	5,692	14,219	9,347	4,872
Administrative services	14,729	11,743	2,986	12,971	10,777	2,194
Maintenance of premises	5,381	1,009	4,372	5,463	1,041	4,422
Equipment and furniture	195	-	195	77	-	77
Refectory	614	461	153	399	391	8
Provisions – pension	36,502	36,502	-	(508)	(508)	-
Accrual – annual leave	1,062	1,062	-	56	56	-
Provision – onerous research projects	1,750	-	1,750	-	-	-
General education expenditure	4,127	1,322	2,805	2,845	721	2,124
Studentships	3,405	-	3,405	3,175	-	3,175
Other expenditure	5,256	1,219	4,037	1,893	1,093	800
Currency exchange rate losses	375	-	375	33	-	33
	88,535	62,765	25,770	40,623	22,918	17,705
	282,964	159,906	123,058	226,909	115,621	111,288

As explained in Note 4, LSHTM has received vaccines and expert staff time for three clinical trials free of charge. Costs of £1,429k (2021: £1,327k) are included in Other costs under Research grants and contracts.

Included in Research grants and contracts other expenditure is £1,750k (2021: £nil) as a provision for onerous contracts as a result of potential unfunded additional costs to meet contractual commitments resulting from increasing inflation in the countries in which LSHTM operates.

Notes to the Financial Statements (continued)

11. Taxation

	2022 £'000 Consolidated	2021 £'000 Consolidated
Recognised in the statement of comprehensive income and expenditure		
Current tax	38	-
Current and total tax expense	38	-

Tax reconciliation:

	2022 £'000	2021 £'000
(Deficit)/ surplus before taxation	(31,789)	11,932
Corporation tax at 19%	(6,040)	2,386
Effect of:		
Surplus/(deficit) falling within charitable exemption	6,040	(2,386)
Corporation tax in Chariot Innovations Limited	38	-
Trading losses utilised by subsidiary	-	-
Total tax expense	38	-

The corporation tax charge in 2022 includes adjustment in respect of the Research and Development Expenditure Credit claimed by Chariot Innovations Limited in prior years.

12. Intangible assets

Consolidated and LSHTM	Intangible asset in the course of construction £'000	Software £'000	Total £'000
Cost or valuation			
At 1 August 2021	-	2,331	2,331
Additions	241	60	301
Transfers (from tangible fixed assets)	-	523	523
Disposals	-	-	-
At 31 July 2022	241	2,914	3,155
Amortisation			
At 1 August 2021	-	2,058	2,058
Charge for the year	-	324	324
Disposals	-	-	-
At 31 July 2022	-	2,382	2,382
Net book value			
At 31 July 2022	241	532	773
At 31 July 2021	-	273	273

Notes to the Financial Statements (continued)

13. Tangible fixed assets

Consolidated	Freehold Land and Buildings	Leasehold Land and Buildings	Plant, Machinery, Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	167,420	27,720	25,547	31,414	252,101
Additions	-	-	1,384	29,032	30,416
Transfers	17,116	3,538	3,607	(24,261)	-
Transfer to intangible assets (note 12)	-	-	-	(523)	(523)
Surplus on revaluation	10,094	6,420	-	-	16,514
Disposals	(585)	-	(657)	(146)	(1,388)
At 31 July 2022	<u>194,045</u>	<u>37,678</u>	<u>29,881</u>	<u>35,516</u>	<u>297,120</u>
Depreciation and impairment					
At 1 August 2021	-	-	20,253	-	20,253
Charge for the year	3,054	905	3,484	-	7,443
Impairment on revaluation	16,767	527	-	-	17,294
Written back on revaluation	(3,054)	(905)	-	-	(3,959)
Disposals	-	-	(655)	-	(655)
At 31 July 2022	<u>16,767</u>	<u>527</u>	<u>23,082</u>	<u>-</u>	<u>40,376</u>
Net book value					
At 31 July 2022	<u>177,278</u>	<u>37,151</u>	<u>6,799</u>	<u>35,516</u>	<u>256,744</u>
At 31 July 2021	<u>167,420</u>	<u>27,720</u>	<u>5,294</u>	<u>31,414</u>	<u>231,848</u>
Leased assets included above: Net book value					
At 31 July 2022	<u>-</u>	<u>37,151</u>	<u>-</u>	<u>-</u>	<u>37,151</u>
At 31 July 2021	<u>-</u>	<u>27,720</u>	<u>-</u>	<u>-</u>	<u>27,720</u>

At 31 July 2022, freehold land and buildings included £64,926k (2021: £66,494k) in respect of land which is not depreciated.

A revaluation of LSHTM's freehold and leasehold land and buildings in London, Gambia and Uganda was carried out as at 31 July 2022 by external valuers Gerald Eve LLP, Sphinx Associates and Hillscope Valuers respectively. The revaluation as at 31 July 2022 resulted in a net increase in the net book value of land and buildings of £3,179k (2021: net increase of £2,219k).

LSHTM's specialised academic and research land and building assets are valued on a depreciated replacement cost basis and other operational land and building assets are valued using prevailing market values.

Notes to the Financial Statements (continued)

13. Fixed assets (continued)

The freehold and leasehold properties comprising the London School of Hygiene & Tropical Medicine's UK estate were valued as at 31 July 2022 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standard 2022 and the national standards and guidance set out in the UK national supplement (November 2018), Financial Reporting Standard 102 and the current Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method, with other in-use properties reported on a Fair Value basis. The valuation was reported under a special assumption, with the exception of Tavistock Place, to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

LSHTM	Freehold Land and Buildings	Leasehold Land and Buildings	Plant, Machinery, Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	165,003	27,720	25,534	31,414	249,671
Additions	-	-	1,384	29,033	30,417
Transfers	17,116	3,538	3,607	(24,261)	-
Transfer to intangible assets (note 12)	-	-	-	(523)	(523)
Surplus on revaluation	9,997	6,420	-	-	16,417
Disposals	(175)	-	(644)	(146)	(965)
At 31 July 2022	<u>191,941</u>	<u>37,678</u>	<u>29,881</u>	<u>35,517</u>	<u>295,017</u>
Depreciation and impairment					
At 1 August 2021	-	-	20,242	-	20,242
Charge for the year	3,054	905	3,484	-	7,443
Impairment on revaluation	16,767	527	-	-	17,294
Written back on revaluation	(3,054)	(905)	-	-	(3,959)
Disposals	-	-	(644)	-	(644)
At 31 July 2022	<u>16,767</u>	<u>527</u>	<u>23,082</u>	<u>-</u>	<u>40,376</u>
Net book value					
At 31 July 2022	<u>175,174</u>	<u>37,151</u>	<u>6,799</u>	<u>35,517</u>	<u>254,641</u>
At 31 July 2021	<u>165,003</u>	<u>27,720</u>	<u>5,292</u>	<u>31,414</u>	<u>229,429</u>
Leased assets included above: Net book value					
At 31 July 2022	<u>-</u>	<u>37,151</u>	<u>-</u>	<u>-</u>	<u>37,151</u>
At 31 July 2021	<u>-</u>	<u>27,720</u>	<u>-</u>	<u>-</u>	<u>27,720</u>

At 31 July 2022, freehold land and buildings included £62,910k (2021: £64,240k) in respect of land which is not depreciated.

Notes to the Financial Statements (continued)

14. Non-current investments

Consolidated	Subsidiary companies	Other fixed asset investments	Total
	£'000	£'000	£'000
As 1 August 2021	-	26,902	26,902
Net change in cash invested for trades	-	(503)	(503)
Investment management costs	-	(106)	(106)
Total return released to SOCI	-	(437)	(437)
Expenditure	-	(1,077)	(1,077)
Income	-	1,287	1,287
Unrealised loss	-	(1,808)	(1,808)
At 31 July 2022	-	24,258	24,258

LSHTM	Subsidiary companies	Other fixed asset investments	Total
	£'000	£'000	£'000
As 1 August 2021	100	26,875	26,975
Net change in cash invested for trades	-	(503)	(503)
Investment management costs	-	(106)	(106)
Total return released to SOCI	-	(437)	(437)
Expenditure	-	(1,077)	(1,077)
Income	-	1,287	1,287
Unrealised loss	-	(1,808)	(1,808)
At 31 July 2022	100	24,231	24,331

Non-current investments consist of:

	Consolidated	School
	£	£
Subsidiary companies:		
Chariot Innovations Limited	-	100,000
LSHTM Developments Limited	-	2
MRC/UVRI and LSHTM Uganda Research Unit Limited	-	208
Sustainable Climate Impact Fund Limited (incorporated 25 March 2021 as a company limited by guarantee without share capital)	-	-
	-	100,210
Other fixed asset investments	£'000	£'000
Endowment asset investments (see note 21)	18,505	18,505
Fixed asset investments	5,753	5,726
	24,258	24,231

The endowments and fixed asset investments are invested through fund managers and are shown at market value as at the balance sheet date.

Notes to the Financial Statements (continued)

15. Investment in joint venture

LSHTM holds a 20% share of London International Development Centre which is a collaboration between five specialist Bloomsbury Colleges of the University of London and operates as a membership organisation, and which does not create a separate legal entity. Each college accounts for (i) the assets that it controls and the liabilities it incurs; (ii) the expenses that it incurs, and the share of income it earns from the sale of goods or services which fall within the terms of the arrangement. The arrangement is treated as a jointly controlled operation, such that 20% of the membership's gross assets and liabilities, income and expenditure are incorporated into the consolidated balance sheet and statement of comprehensive income of LSHTM.

	2022	2021
	£'000	£'000
Income and expenditure account (LSHTM share)		
Income	171	188
Expenditure	(221)	(352)
Deficit before tax and contributions from LSHTM	(50)	(164)

16. Investment in associates

LSHTM has no investments in associates.

LSHTM's subsidiary, Chariot Innovations Limited, has an associate company, Arctech Innovation Limited (formerly called Vecotech Limited until 29 June 2021). As at 31 July 2022, Chariot owned 22,586 shares (2021: 8,334 shares) in Arctech Innovation Limited.

17. Trade and other receivables

	2022		2021	
	Consolidated	LSHTM	Consolidated	LSHTM
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research expenditure recoverable	16,482	16,482	15,120	15,120
Other trade receivables	23,577	23,452	15,228	14,905
Prepayments and accrued income	4,431	6,291	5,159	5,159
Social security and other taxation receivable	730	379	90	-
Amounts due from subsidiary companies	-	531	-	78
	45,220	47,135	35,597	35,262

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Unsecured loans	715	715	538	538
Trade payables	5,410	3,965	2,749	2,594
Social security and other taxation payable	1,982	1,982	1,032	1,032
Accruals and deferred income	108,683	111,869	128,948	128,757
Derivatives	7,583	7,583	1,248	1,248
	<u>124,373</u>	<u>126,116</u>	<u>134,515</u>	<u>134,169</u>

The derivatives relate to interest rate swaps on the long term unsecured loans held at fair value using the discount rates at the balance sheet date.

Accruals and deferred income

Included within accruals and deferred income are the following items:

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research grants received on account	66,134	66,134	86,474	86,474
Accrued expenses	15,520	17,238	13,228	13,059
Deferred income	27,029	28,497	29,246	29,224
	<u>108,683</u>	<u>111,869</u>	<u>128,948</u>	<u>128,757</u>

19. Creditors: amounts falling due after one year

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Deferred income	57,706	57,706	46,732	46,732
Derivatives	2,422	2,422	4,766	4,766
Unsecured loans	11,982	11,982	11,907	11,907
	<u>72,110</u>	<u>72,110</u>	<u>63,405</u>	<u>63,405</u>

The derivative financial instruments above are designated as hedges of variable interest rate risk which comprise of interest rate swaps and hedging against movements in currency exchange rates which are affected by currency forward contracts.

Interest rate benchmark reform

The transition from LIBOR to SONIA was completed by 31 December 2021. LSHTM managed the risk by engaging with NatWest Bank to monitor the transition and ensure the deadline was met. LSHTM made use of the practical expedient in paragraph 11.20c of FRS102 and these changes were therefore not treated as substantial modifications and this has had no changes to the application of hedge accounting.

Hedge of variable interest rate risk arising from bank loan liabilities

During the year, LSHTM held borrowed funds from its bankers under long term unsecured loans of £11m and £6m, which are repayable in February 2038.

To hedge the potential volatility in future interest cash flows arising from movements in SONIA, LSHTM has entered into floating to fixed interest rate swaps with a nominal value equal to those initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans. These result in SONIA paying 5.16% and 4.83% respectively for the two loans, and receiving SONIA (though cash flows are settled on a net basis) and effectively fix the total interest cost on loans and interest rate swaps.

Notes to the Financial Statements (continued)

19. Creditors: amounts falling due after one year (continued)

The derivatives are accounted for as a hedge of variable rate interest rate risk, in accordance with FRS102 and had a fair value of £2,584k (2021: £4,824k) at the balance sheet date. The cash flows arising from the interest rate swaps will continue until their maturity in February 2038, coincidental with the repayment of the term loans. The change in fair value in the period was a reduction in the liability of £2,240k (2021: reduction of £1,306k), with the entire change being recognised in other comprehensive income as the swaps are considered to be fully effective.

Hedge of currency exchange rates

At the balance sheet date LSHTM had in place a number of currency forward contracts to hedge against volatility in currency exchange rates against Sterling. These derivatives are accounted for in accordance with FRS102 and had a fair value of £4,093k (2021: £1,190k) at the balance sheet date. The change in fair value in the period was an increase in the liability of £2,093k (2021: £743k), with the entire difference being recognised as a charge to other comprehensive income.

Analysis of unsecured loans:

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Due within one year or on demand (note 18)	715	715	538	538
Due between one and two years	733	733	557	557
Due between two and five years	2,334	2,334	1,792	1,792
Due in five years or more	8,915	8,915	9,558	9,558
Due after more than one year	11,982	11,982	11,907	11,907
	12,697	12,697	12,445	12,445

LSHTM's unsecured loan facilities comprise:

	Amount £'000	Maturity	Borrower
National Westminster Bank plc	8,341	2038	LSHTM
National Westminster Bank plc	3,566	2038	LSHTM
Salix Finance Limited	790	2027	LSHTM
	12,697		

20. Provisions

Consolidated	Obligation to fund deficit on USS pension £'000	Other provisions £'000	Total provisions £'000
As 1 August 2021	27,982	1,000	28,982
Additions in year	36,740	1,750	38,490
Released in year	-	-	-
At 31 July 2022	64,722	2,750	67,472
School	Obligation to fund deficit on USS pension £'000	Other provisions £'000	Total provisions £'000
As 1 August 2021	27,958	1,000	28,958
Additions in year	36,745	1,750	38,495
Released in year	-	-	-
At 31 July 2022	64,703	2,750	67,453

There were no pension scheme enhancements in 2022 (2021: Nil).

Notes to the Financial Statements (continued)

20. Provisions (continued)

Pension Provisions

The obligation to fund the past deficits on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Further information is provided in Note 27.

21. Endowments

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2022 Total £'000	2021 Total £'000
Balances at 1 August					
Expendable endowments	-	-	4,190	4,190	3,660
Permanent endowment base value	9,717	1,371	-	11,088	11,088
Unapplied total return	4,512	814	-	5,326	2,722
	<u>14,229</u>	<u>2,185</u>	<u>4,190</u>	<u>20,604</u>	<u>17,470</u>
New endowments	-	-	-	-	-
Investment income	187	37	1,064	1,288	827
(Decrease)/increase	(1,279)	(204)	(325)	(1,808)	3,337
Increase/(decrease) in market value of investments					
Total return allocated to income in the reporting period	(363)	(74)	-	(437)	(285)
Expenditure	-	-	(1,077)	(1,077)	(683)
Management fees	(54)	(11)	-	(65)	(62)
	<u>(1,509)</u>	<u>(252)</u>	<u>(338)</u>	<u>(2,099)</u>	<u>3,134</u>
At 31 July	<u><u>12,720</u></u>	<u><u>1,933</u></u>	<u><u>3,852</u></u>	<u><u>18,505</u></u>	<u><u>20,604</u></u>
At end of reporting period:					
	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2022 Total £'000	2021 Total £'000
Expendable endowments	-	-	3,852	3,852	4,190
Permanent endowment base value	9,717	1,371	-	11,088	11,088
Unapplied total return	3,003	562	-	3,565	5,326
	<u>12,720</u>	<u>1,933</u>	<u>3,852</u>	<u>18,505</u>	<u>20,604</u>
Represented by:					
Capital	12,720	1,933	2,092	16,745	18,760
Accumulated income	-	-	1,760	1,760	1,844
	<u>12,720</u>	<u>1,933</u>	<u>3,852</u>	<u>18,505</u>	<u>20,604</u>

Notes to the Financial Statements (continued)

21. Endowments (continued)

	Restricted permanent endowments	Unrestricted permanent endowments	Expendable endowments	2022 Total	2021 Total
Analysed by type and purpose:					
Scholarships and bursaries	2,504	-	2,339	4,843	5,459
Research support and Lectureships	3,317	-	828	4,145	4,678
Brass Blacker Chair	3,209	-	617	3,826	4,157
Takeda Chair in Global Child Health	3,262	-	(64)	3,198	3,513
Prize funds	137	-	47	184	206
General	291	1,933	85	2,309	2,591
	12,720	1,933	3,852	18,505	20,604

Analysed by asset:

Non-current asset investments				17,902	18,801
Cash & cash equivalents				603	1,803
				18,505	20,604

22. Restricted reserves

Reserves with restrictions are as follows:

	2022 Donations reserve £'000	2021 Donations reserve £'000
Balances as 1 August	7,105	4,709
New donations	3,126	3,165
Expenditure	(1,321)	(769)
Total restricted comprehensive income in the year	1,805	2,396
At 31 July	8,910	7,105
Analysis by type of purpose:		
Lectureships	370	375
Scholarships and bursaries	377	386
Research support	5,335	3,491
Prize funds	210	42
General	103	95
Capital	2,515	2,716
At 31 July	8,910	7,105

Notes to the Financial Statements (continued)

23. Cash and cash equivalents

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Consolidated			
Cash and cash equivalents	136,810	(47,961)	88,849
LSHTM			
Cash and cash equivalents	136,420	(48,155)	88,265

£20m (2021: nil) is held as a short-term deposit and is in addition to the figures above.

Analysis of change in consolidated net debt

	At 1 August 2021 £'000	Cashflows £'000	Non-cash changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	136,810	(47,961)	-	88,849
Borrowings due within 1 year	(538)	538	(715)	(715)
Borrowings due after 1 year	(11,907)	(790)	715	(11,982)
Total borrowings	(12,445)	(252)	-	(12,697)
Derivatives (Notes 18 & 19)	(6,014)	-	(3,991)	(10,005)
	118,351	(48,213)	(3,991)	66,147

24. Capital and other commitments

	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	3,403	3,403	5,447	5,447
Other	467	467	35	35
	3,870	3,870	5,482	5,482
Authorised				
	2022		2021	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	18,586	18,586	53,888	53,888
Other	121	121	2,365	2,365
	18,707	18,707	56,253	56,253

The authorised land and buildings figure refers to capital project works at LSHTM's sites at Tavistock Place, London (£6,539k), Keppel Street, London (£11,660k), Gambia research unit (£308k) and Uganda research unit (£79k).

Notes to the Financial Statements (continued)

25. Lease obligations

Total rentals payable under operating leases:

	Property £'000	2022 Plant and machinery £'000	Total £'000	2021 Total £'000
Payable during the year	472	46	518	535
Future minimum lease payments due:				
Not later than 1 year	339	46	385	441
Later than 1 year and not later than 5 years	678	88	766	235
Total lease payments due	1,017	134	1,151	676

26. Subsidiary undertakings

The subsidiary companies (all of which are registered in England and Wales), wholly owned by LSHTM are as follows:

Company	Principal Activity	Status
Chariot Innovations Limited	Non-trading since 1 August 2022. Holds investments in associates	100% owned
LSHTM Developments Limited	Design and Building Company	100% owned
Sustainable Climate Impact Fund Limited	Environmental consulting	100% owned
MRC/UVRI and LSHTM Uganda Research Unit Limited	Holding land assets	49% owned

LSHTM has control over MRC/UVRI and LSHTM Uganda Research Unit Limited through a shareholder's agreement with the other party who holds the remaining 51% of the shares. This agreement limits his rights to take independent decisions regarding the operations or assets of the company. As such, the company is considered to be a subsidiary undertaking and all financial transactions have been consolidated within the Group figures in these financial statements. This company is incorporated in Uganda. Chariot Innovations Limited and LSHTM Developments Limited are incorporated in England.

The trading activities of Chariot Innovations Limited were spun out into Arctech Innovation Limited with effect from 1 August 2022.

27. Pensions

a) The Universities' Superannuation Scheme (USS)

LSHTM 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. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. LSHTM 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", LSHTM therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since LSHTM has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, LSHTM recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The major assumptions used to calculate the obligation are:

Discount rate	2022 3.31%	2021 0.87%
Salary growth p.a.	4% for two years reducing to 3% after year 5	2.25%
Staff membership growth p.a.	0.5%	1.5%

Notes to the Financial Statements (continued)

27. Pensions (continued)

a) The Universities' Superannuation Scheme (USS) (continued)

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the Statement of Comprehensive Income in accordance with section 28 of FRS 102.

Council is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The total cost charged to the Statement of Comprehensive Income is £13,455k (2021: £13,029k). This is the total cash cost paid to USS for the year and represents amounts required to fund future pension promises and to address the scheme deficit.

Deficit recovery contributions due within one year for the institution are £4,060k (prior year: £3,515k).

As at the balance sheet date, the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since LSHTM cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for the section 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%.

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

Pensions increases assumption (CPI)	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 assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 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% p.a. for males and 1.6% p.a. for females.

Notes to the Financial Statements (continued)

27. Pensions (continued)

a) The Universities' Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
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% of salaries over the period 1 April 2022 to 31 March 2024, at which point the rate will increase to 6.3%. 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	4% for two years reducing to 3% after year 5	2.25%

At 31 March 2022, the LSHTM had 1,397 active members contributing into the scheme.

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 assumption at 31 July 2022	Approximate impact
0.5% p.a. decrease in discount rate	Increased provision of £2,722k
0.5% p.a. increase in salary inflation - over duration	Increased provision of £2,709k
0.5% increase in salary inflation - year 1 only	Increased provision of £311k
0.5% increase in staff changes - over duration	Increased provision of £2,787k
0.5% increase in staff changes – year 1 only	Increased provision of £322k
1.0% increase in deficit contributions from April 2023	Increased provision of £9,865k

b) The Superannuation Arrangements of the University of London (SAUL)

LSHTM participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

LSHTM is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

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

Notes to the Financial Statements (continued)

27. Pensions (continued)

b) The Superannuation Arrangements of the University of London (SAUL)

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

At the valuation date, the value of the assets of the scheme was £3.6 billion and the value of the scheme's technical provisions was £3.8 billion indicating a shortfall of £0.2 billion and a funding ratio of 94%.

In June 2021, an updated schedule of contributions was agreed. Employers will pay 16% of CARE salary until 31 March 2022; then 19% of CARE salary from 1 April 2022 to 31 December 2022; and then 21% of CARE salary from 1 January 2023. Active members will pay 6% of CARE salary.

At 31 March 2022, LSHTM had 191 active members participating in the scheme.

c) National Health Service Pension Scheme (NHSS)

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. These are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

Surpluses or deficits which arise at future valuations may impact on LSHTM's future contribution commitments. A formal valuation of the scheme last took place on 31 March 2016. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis.

At 31 March 2022, LSHTM had 71 active members contributing to the scheme.

The contribution rates payable by LSHTM was 14.38% of pensionable salaries.

d) Medical Research Council (MRC)

At 31 March 2022, LSHTM had 21 active members participating in the Scheme.

The contribution rate payable by LSHTM during the year was 15.9% of the pensionable salaries.

e) Pension costs for the year

The pension costs for all four schemes, which were charged to the Statement of Consolidated Income, were £16,228k (2021: £14,983k).

The movement in the provision in the pension deficit recovery plan for the USS schemes totalled a £36,740k increase (2021: £303k release).

Notes to the Financial Statements (continued)

28. Related party transactions

Related party disclosure has been reviewed for the 2021/22 financial statements and reduced in line with FRS102 requirements.

Name of related party and relationship	Nature of transaction	Income	Expenditure	Income	Expenditure
		2022 £'000	2022 £'000	2021 £'000	2021 £'000
AstraZeneca Ms Diana Layfield, member of Council, is a Non-Executive Director	Research grant funding & donations	232	-	-	-
Biosensors Beyond Borders Dr Matt Lee, LSHTM COO, is a director	Salary recharges	177	-	35	-
British Heart Foundation Dr Annalisa Jenkins, LSHTM Council member, is a trustee	Research funding and studentships	44	-	87	-
London Universities Purchasing Consortium Mr Andrew Dyer, LSHTM Finance Director, is a director	Membership subscription	-	10	-	6
SAUL Trustee Company Dr Matt Lee, LSHTM COO, is a trustee director	Pension fund	-	1,271	-	1,096
Uganda Virus Research Institute Professor Pontiano Kaleebu, Director of MRC/UVRI & LSHTM Uganda, is Director	Research funding and services	1,074	-	4	13
UK Research and Innovation Dr Precious Lunga, LSHTM Council member, is a Council member	Research and capital funding	77,457	6	76,816	6

Name of related party	Debtor	Creditor	Debtor	Creditor
	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Biosensors Beyond Borders	170	-	153	-

All figures reported above relate to the period in which the individual held a formal LSHTM role.

All transactions involving organisations in which a member of Council or its committees may have an interest, including those identified, are conducted in accordance with the LSHTM's financial regulations and normal procurement procedures.

LSHTM has applied the exemption in FRS102 and has not disclosed transactions with its wholly owned subsidiaries, Chariot Innovations Limited, LSHTM Developments Limited and Sustainable Climate Impact Fund Limited.

29. Gain on sale of fixed assets

The Group disposed of assets with a net book value of £733k during the year (2021: £1,052k) with a loss on disposal of £40k (2021: gain of £1k).

Notes to the Financial Statements (continued)

30. US Department of Education Supplementary Schedule

We have an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184 / Monday, September 23, 2020 / Rules and Regulations. The data presented below is prepared using UK GAAP and does not include any adjustments to enable compliance with US GAAP.

Reference	Statement of Financial Position		2022		2021	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets without donor restrictions	I&E unrestricted reserves		144,475		176,818
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets with donor restrictions	I&E restricted reserves		27,415		27,709
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable	-		-	
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable		-		-
Balance sheet, Note - Fixed assets	Statement of Financial Position - Property, Plant and equipment, net	Fixed assets	256,743		231,848	
Balance sheet, Note - Fixed assets	Statement of Financial Position - Property, plant and equipment - pre-implementation	Fixed assets		198,323		202,218
Note - Fixed assets	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Fixed assets		-		-
Note - Fixed assets	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Fixed asset additions		22,902		2,489
Note - Fixed assets	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Assets in course of construction additions		35,518		19,633
Note - lease obligations	Statement of Financial Position - Lease right-of-use assets, net	Finance lease asset	-		-	
Note - lease obligations	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Finance lease asset		-		-

Reference	Statement of Financial Position		2022		2021	
			£'000	£'000	£'000	£'000
Note - lease obligations	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	Finance lease asset		-		-
Balance sheet, Note - Intangible assets	Statement of Financial Position - Goodwill	Intangible assets		773		273
Balance sheet, Note - Provisions	Statement of Financial Position - Post-employment and pension liabilities	Pension provision		64,722		27,982
Balance sheet, Notes - Creditors less than one year and more than one year	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	Bank loans	12,697		12,445	
Balance sheet, Notes - Creditors less than one year and more than one year	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	Bank loans		12,697		12,445
Balance sheet, Notes - Creditors less than one year and more than one year	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	Bank loans		-		-
Balance sheet, Notes - Creditors less than one year and more than one year	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	Bank loans secured on Assets under construction		-		-
Note - lease obligations	Statement of Financial Position - Lease right-of-use asset liability	Finance lease liability	-		-	
Note - lease obligations	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Finance lease liability		-		-
Note - lease obligations	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Finance lease liability		-		-
Balance sheet	Statement of Financial Position - Annuities	Annuities with donor restrictions		-		-
Balance sheet	Statement of Financial Position - Term endowments	Term endowments with donor restrictions		-		-
Balance sheet	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions		-		-

Reference	Statement of Financial Position		2022		2021	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Perpetual Funds	I&E restricted reserves		27,415		27,709
Reference	Statement of Activities – Total expenses and losses					
Statement of comprehensive income and expenditure	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total operating expenditure		291,273		235,234
Statement of comprehensive income and expenditure	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-operating and net investment (income)/expenditure		2,376		(5,952)
Statement of comprehensive income and expenditure	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment (gain)/loss		1,514		(3,334)
Statement of comprehensive income and expenditure	Statement of Activities - Pension related changes other than periodic pension	Other pension movements		-		-
Reference	Modified net assets					
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets without donor restrictions	Unrestricted reserves		144,475		176,818
Balance sheet, Statement of changes in reserves	Statement of Financial Position - total Net assets with donor restrictions	Restricted reserves		27,415		27,709
Balance sheet	Statement of Financial Position - Goodwill	Intangible assets		773		273
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable	-		-	
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable		-		-

Reference	Modified net assets		2022		2021	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Total Assets	Total Assets		435,845		431,430
Note - lease obligations	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Finance lease asset		-		-
Note - lease obligations	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Finance lease asset		-		-
Balance sheet, Note - Intangible assets	Statement of Financial Position - Goodwill	Intangible assets		773		273
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable	-		-	
Note - Trade and other receivables	Statement of Financial Position - Related party receivable and Related party note disclosure	Related party receivable		-		-
Reference	Modified net assets					
Statement of comprehensive income and expenditure, Balance sheet	Statement of Activities - Change in Net Assets Without Donor Restrictions	Movement in I&E unrestricted reserve		(32,344)		9,182
Statement of comprehensive income and expenditure, Balance sheet	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	Income less investment income plus gain on disposal of fixed assets		261,049		243,994

