

Annual Report and Financial Statements 2022/23

LONDON
SCHOOL of
HYGIENE
& TROPICAL
MEDICINE



COUNCIL MEMBERSHIP

EXTERNAL MEMBERS

	Appointed Until
Mr Don Robert - Chairman	01 April 2026
Mr Hitesh Patel - Deputy Chair	22 September 2025
Ms Angela Darlington	31 July 2026
Dr Precious Lunga	31 December 2023
Mr Mohamed Osman	31 July 2026
Professor Mike Turner	31 July 2026
Dr Annalisa Jenkins	08 Nov 2022 (resigned)
Ms Diana Layfield	31 July 2024
Dr Nazira Amra	31 July 2025
Mr Mark Poulton	09 November 2025
Rt Hon Baroness Lindsay Northover	09 November 2025

ELECTED MEMBERS OF STAFF

Dr Mishal Khan	31 July 2023 (resigned)
Dr Effua Usuf	31 July 2023 (resigned)
Mr Sunil Sharma	18 January 2024
Dr Kevin Tetteh	31 July 2024
Professor Clare Chandler	31 July 2026
Dr Nambusi Kyegombe	31 July 2026

DIRECTOR

Professor Liam Smeeth (appointed 01 August 2021)	<i>ex officio</i>
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CHAIR OF THE STUDENTS' REPRESENTATIVE COUNCIL

Indrani Misra (appointed 25 October 2022)	<i>ex officio</i>
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SECRETARY TO THE COUNCIL

Jenny Jenkin (resigned December 2022)	<i>ex officio</i>
Jocelyn Prudence (appointed as interim secretary 16 January 2023)	

IN ATTENDANCE

DEPUTY DIRECTOR AND PROVOST

Professor Anne Mills (resigned 15 December 2022)	<i>ex officio</i>
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CHIEF OPERATING OFFICER

Dr Matthew Lee	<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)

Annual Report and Financial Statements for the Year Ended 31 July 2023

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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 2022-23. 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 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.

Strategy 2022-2027

LSHTM's Strategy for 2022-2027 is the guiding document by which we aim to work 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. The Strategy is shaped 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, innovation & 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/aboutus/introducing/mission

Development and performance in the year against key strategies

Over the last year, along with all other UK higher education institutions, LSHTM has needed to continue its work against a backdrop of economic uncertainty and significant increases in cost, ongoing conflict in Ukraine and other areas of the world, and political policy uncertainty.

Despite these challenges, we believe that we have continued to make good progress towards our continuing mission and key strategies that enhance global health and health equity. Some examples of this are given below.

Following the positive outcome of the UK's Research Excellence Framework (REF), which assesses the quality and impact of research undertaken by UK universities, where there was a clear demonstration of the impact of LSHTM's research, it was pleasing to have confirmation that LSHTM's core UK government research funding had increased.

Positive foundational work has been completed to enable LSHTM to meet the objectives within the 'education to improve health worldwide' strand of our strategy. Strategically, LSHTM is committed to increasing the reach of our education activities to disseminate the knowledge generated by our researchers. However, on the simple measure of student numbers, the last year has been challenging and LSHTM has not recruited to the levels targeted.

The focus of work over the last year in relation to our people and culture has been to successfully embed change in relation to equity, diversity and inclusion. While this work never really ends, a huge amount of progress has been made in order to enable further action and put in place a long-term framework in which to ensure we are an organisation with thriving people and culture.

Financially, performance has been acceptable, given the challenging external environment. The financial results are better than was planned, but not as strong as in prior years. Student recruitment has remained a significant challenge, with overall numbers broadly in line with prior years but below the modest growth which was planned.

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 - Reducing the risk of heat-related deaths

Over 80% of predicted heat-related deaths in the Middle East and North Africa (MENA) by the end of the century could be prevented if global warming is limited to 2°C, according to a modelling study published in April 2023.

An international team of researchers, including from LSHTM, modelled current (2001 to 2020) and future (2021 to 2100) trends in heat-related mortality in 19 countries in the MENA region. In their analyses, the team considered variations in the levels of potential greenhouse gas emissions over time and different socioeconomic scenarios.

With COP28 on the horizon, the authors conclude that there is an even greater urgency for stronger mitigation and adaptation policies to be agreed upon, both at the conference and beyond, if MENA is to avoid the worst possible impacts of future warming.

Case study – Congenital Zika Syndrome

Approximately one third of children born to mothers infected with Zika virus during their pregnancy present with at least one abnormality consistent with Congenital Zika Syndrome in the first years of their life, according to research undertaken by LSHTM and researchers in Brazil.

The research team analysed data on the offspring of 1,548 pregnant women from 13 cohort studies. These results highlight the importance of having multi-disciplinary health teams available near the time of birth to evaluate children with prenatal Zika virus exposure and to refer them, as needed, to specialised follow-up care that can provide support for known disabilities and diagnosis of late manifestations.

Case study – the health impact of restricting junk food advertising

Restrictions for junk food advertising on Transport for London (TfL) networks have prevented almost 100,000 obesity cases and is expected to save the NHS over £200 million, according to a study carried out by LSHTM and the University of Sheffield.

The study revealed the TfL advertising policy restricting the advertisement of foods high in calories from sugar and fat or high in salt, has led to consumers cutting down on less healthy products.

The findings came at a time when food and diet was firmly on the minds of many families in Britain – the government announced its Food Strategy, which came under heavy scrutiny for not going far enough to address concerns over food security in the UK.

Case study – saving the lives of women with severe bleeding after childbirth

Intramuscular administration of tranexamic acid (TXA), a drug used to target severe bleeding after childbirth, is safe and quickly reaches therapeutic concentrations in pregnant women, according to a study involving LSHTM researchers.

Severe bleeding after childbirth, or postpartum haemorrhage (PPH), is one of the leading causes of maternal death worldwide, with most of the 70,000 yearly deaths occurring in low-and middle-income countries (LMICs).

The findings, from trials undertaken in Pakistan and Zambia, highlight that intramuscular injection may be a potential alternative to current intravenous approaches, which are often unsuitable in home births or rural care settings. The study is the first trial testing several different routes of administration in women giving birth and notably the first to test the intramuscular route, specifically in pregnant women.

Treasurer's Report (continued)

Case study – vaccines to eliminate meningitis across Africa

Led by a team including researchers from LSHTM's Unit in The Gambia, a trial of a new vaccine against meningococcal disease, a cause of meningitis and blood poisoning, has found that it is safe and induces a strong immune response across five strains of meningococcal bacteria.

The World Health Organization (WHO) estimates meningitis caused 250,000 deaths in 2019 and developing affordable vaccines providing broad coverage against meningococcal disease strains is a key part of its Defeating Meningitis by 2030 Global Roadmap.

Issues with supply and affordability have limited use of quadrivalent meningococcal vaccines across the 'meningitis belt', a swathe of sub-Saharan Africa at high-risk of epidemics of meningococcal and pneumococcal meningitis. In addition, meningococcal X has emerged with potential to cause epidemics across the 'meningitis belt', so a vaccine to prevent against this strain is urgent.

The new vaccine, NmCV-5, will be a critical tool to interrupting and preventing devastating epidemics of meningitis in the meningitis belt. We hope it will ensure the goal of defeating epidemic meningitis by 2030, set out in the Global Roadmap, becomes a reality.

Education

LSHTM's 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. There are many initiatives already underway that will allow us to realise this aim and further new initiatives are now arising from the work of six workstreams, whose progress and milestones are monitored by our Education Strategy Board.

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 2023 were 1,302 (2022: 1,294). 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 2023 was 1,767 (July 2022: 2,046 registrations).

Case study – New MSc programmes in Climate Change & Planetary Health and Health in Humanitarian Crises

During the year, LSHTM staff have launched two new MSc programmes, an Intensive MSc Climate Change & Planetary Health and a Distance Learning MSc Health in Humanitarian Crises, both of which take advantage of our significant research expertise in these areas and enable us to educate and inspire people to have the skills, networks and confidence to address these significant challenges for human health worldwide.

Case study – Next Generation Scholars and contextual admissions flags

To support the implementation of our Widening Participation strategy and to help improve access to our programmes for students from underrepresented groups, LSHTM has introduced a new contextual admissions system and the Next Generation Scholars scheme. The focus of these initiatives is to enable the most talented students from all backgrounds to study and thrive at LSHTM, which is a key priority for the School. These initiatives are designed to enable excellent students from groups who have been historically underrepresented in Higher Education at the postgraduate level to study with us, to feel a sense of belonging and succeed at LSHTM.

LSHTM has introduced contextual admissions flags for the 2022-23 recruitment cycle, whereby any applicant with a widening participation marker is flagged as part of the admissions process. This indicator is taken into account as part of the decision making process and this flag also enables our admissions team to encourage a second review of any rejected widening participation applicants.

Treasurer's Report (continued)

Following an application process and thorough selection process, 10 students who have at least one widening participation marker have now been allocated a Next Generation Scholarship award of over £30,000 each. This will cover their tuition fees and provide a stipend of £19,500 to support them to complete a Masters programme at the School. We are excited to have welcomed these students to LSHTM in September 2023.

Case study – Workload Allocation Management System (WAMS)

For the 2023-24 academic year, LSHTM has successfully launched a new management information system to help us more accurately document staff contributions to teaching throughout the academic year. The Workload Allocation Management System (WAMS) launched to staff in August 2023 and all teaching staff have now been setup with an account.

By capturing contributions in a single database, this will help us move away from manual record keeping and increase the efficiency with which we input and process teaching allocation and teaching load data.

The aim is to make everyone's contributions to the delivery of LSHTM's education missions more visible, whilst increasing transparency across the School and improving equity in workload.

Once a teaching block has finished, WAMS will also enable us to reflect on all teaching activity and produce more accurate teaching load data, evidencing staff inputs across all education related tasks. This will facilitate high level and local level reporting so that informed decisions can be made around resourcing and capacity within Faculties.

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. Since agreeing these four core values, we have been working to embed these through our community, alongside an associated Behaviour Framework.

Following the commissioning and publication of a review to address discrimination and advance anti-racism at LSHTM in 2021, a comprehensive action plan was created to address the areas of concern raised by the review. Over the last year extensive work has been undertaken against this action plan, with many aspects now completed and embedded within our business as usual activities, such as work associated with decolonising our curriculum, reviewing staff training provision on a regular basis to ensure a suite of EDI training is available and refreshing our annual staff appraisal process so that all staff are required to have an EDI related objective.

Case study – equitable research partnerships

LSHTM works extensively with partner organisations in many countries globally. Partnerships are core to Global Health research. LSHTM is committed to building equitable research partnerships that facilitate understanding, fairness, awareness of other's contexts, trust and mutual exchange of expertise and knowledge.

Staff at LSHTM have developed a tool providing practical guidance for establishing and strengthening equitable research partnerships, drawing on a range of external resources and experiences of research collaboration. The EquiPar Tool has been designed with individual research projects in mind and poses questions for research teams to consider on three key themes: people management and relationships, research activities and outputs, and contracting and resource management. EquiPar is currently being piloted by selected research projects involving collaboration between LSHTM and partners from low and middle income countries.

Treasurer's Report (continued)

Case study – culture survey

In late 2022, we conducted a survey of LSHTM staff to understand our community's views on our School's culture and working environment, and the experience of working at LSHTM.

The survey demonstrated key strengths, where participants responded most favourably, in the autonomy that staff have and the support they receive as part of hybrid working; and that the vast majority find their work interesting and challenging and care about the future of LSHTM. We were also able to compare LSHTM against other higher education institutions and found positive comparisons in relation to LSHTM's annual appraisal and development process; that staff at LSHTM feel better equipped to carry out their work; and that confidence in the executive is higher than elsewhere in the sector.

The survey also highlighted key areas for improvement and action around workloads; bullying, harassment and microaggressions; mental health and wellbeing; the physical and digital working environment; and transparency around pay awards and salary adjustments. It was helpful to have these areas confirmed as needing further attention and given that work had already commenced across these areas, each of these improvement areas have been merged into existing action plans, work programmes and committee discussions as appropriate.

Case study – celebrating LSHTM's mixed heritage community

Mixed @LSHTM was a project aimed at connecting LSHTM staff and students of mixed heritage, to provide a safe space for members of this community to meet and share experiences and conversations around mixedness and how it has shaped their lives and identities. The vision was to create a sense of belonging and an appreciation of their unique and collective contributions, to enable them to feel seen and valued in the institution, and then to explore what, as a community, they would find beneficial going forward. The project included a collaboration with the initiative Mixedracefaces, a diversity hub and storytelling platform for the mixed heritage community, which featured the portraits and stories of nine members of LSHTM. The project was funded by a small grant from the EPH Enable Fund.

Treasurer's Report (continued)

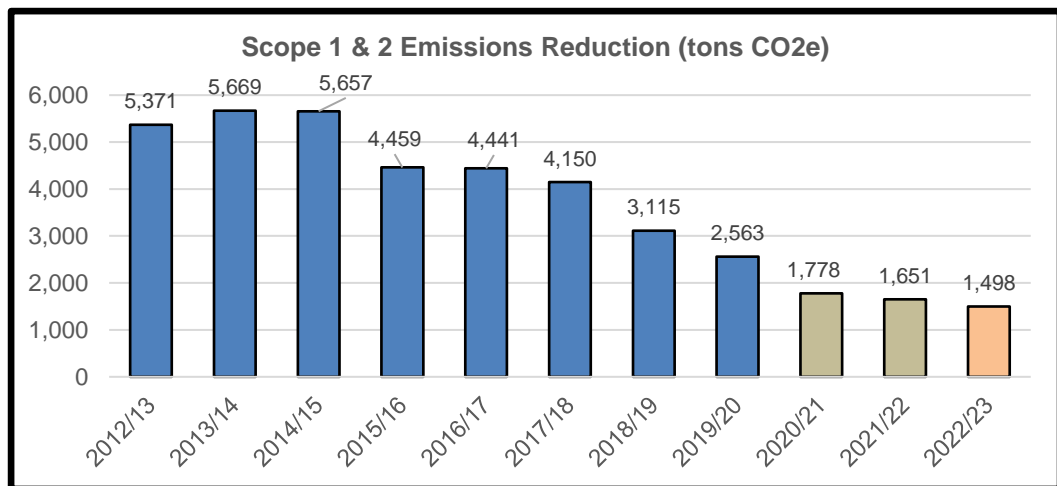
Environmental sustainability

Environmental sustainability is a key underpinning theme within LSHTM's 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.

As an organisation LSHTM remains committed to being net carbon neutral by 2030. We have made good progress towards this through a number of measures and this work will continue to be an institutional priority.

Environmental measures

Completed and ongoing



- Carbon reduction – There has been a 72% reduction in scope 1 & 2 energy emissions since 2012/13. The Heat Decarbonisation Plan sets out a path to reduce dependence on gas to near zero by 2030. LSHTM have been granted £1.5m Salix funding for energy efficiency projects.
- Travel emissions – Commissioned a travel report to better understand staff and student travel habits. Updated the travel policy and implemented travel carbon budgets to promote accountability for business travel.
- Sustainability in construction and refurbishment – Tavistock Place 2 constructed to BREEAM Excellent standard, and construction to SKA Silver standard for phase 2 of Keppel Street refurbishment.
- Reporting – Provided information for both compulsory and voluntary reporting. Submitted data to HESA, meaning there's an archive of year-on-year data where we can see progress.
- Sustainable catering – Achieved Food for Life bronze certification.
- Water refill points – Installed 21 water refill points, replacing water coolers which required the purchase of 10,500 plastic cannisters of water annually.
- Launched SCIF – The Sustainable Climate Impact Fund (SCIF), a not-for-profit subsidiary of LSHTM set up to implement projects that will provide carbon credits for LSHTM to offset our unavoidable residual emissions. SCIF projects must provide basic amenities that improve the health and wellbeing of local communities where LSHTM have a presence (i.e. Uganda and The Gambia), while mitigating the effects of climate change. This approach complements LSHTM's mission of improving health worldwide.

Carbon Offsetting
Important guardrails:

- 1. Traceable:** there will be evidence of where project is taking place & that it removes or prevents GHG emissions;
- 2. Additional:** the emissions reductions would not occur without those project activities;
- 3. Measurable:** the volume of emissions reductions can be accurately measured; and
- 4. Verifiable:** a neutral, third-party auditor has verified the emissions reductions.

 **Gold Standard**
for the **Global Goals**
Independent Certification Body

Verified Emissions Reduction Requirements

Projects will be implemented according to Gold Standards requirements	Projects must meet co-benefit requirements
Extensive community collaboration required in project selection	GS carries out independent auditing and verification of carbon credits per project

Environmental measures

Targeted and upcoming

- Energy and Carbon Management Plan Milestone review – review checking progress on Net-Zero 2030 pathway and reassessing timelines for measures in order to ensure the goal of Net-Zero by 2030 is met.
- Sulitest – Roll out sustainability training as a compulsory and comprehensive module for all new staff and students to immediately embed sustainability into the culture of LSHTM.
- Warp-It – Ramp up reuse and recycling schemes for equipment currently unused at the university.
- Sustainable catering – Continue to work closely with catering team to attain gold Food-for-Life Certification.
- Biodiversity – Looking to work with Camden Climate Change Alliance, Wild Bloomsbury, and to develop the green rooftop space on Tavistock Place 2.
- Climate Risk and Adaptation Strategy – Work with academic partners to understand climate risk to students, staff, other stakeholders, and research. Create a strategy to ensure that climate change is considered as a business risk factor requiring mitigation.

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 2022-23 has been satisfactory overall.

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 the Times Higher Education.

Recovery of research indirect costs

The absolute recovery of research indirect costs in 2022-23 was £15.8 million (2021-22: £14.0 million). As a relative measure to direct research expenditure (excluding collaborator payments), 2022-23 research indirect cost recovery was 21.7%, compared to 20.1% in 2021-22.

Fundraising and philanthropic support

Donations income raised in the year was £9.0m, compared to £8.2m income raised in the previous year. There have been further successes in securing funding for student scholarships, for development and delivery of an MSC programme, for capital expenditure and for research.

Overall financial health

Our surplus for 2022-23, after adjusting for the impact of the USS pension provision and impairment of assets (as set out in the tables on the following pages), has decreased from £8.4m to £3.1m. Much of the decrease is related to inflationary impact. LSHTM has continued to invest in priority areas, which has also dampened the reported surplus. Significant investment in our physical infrastructure has continued (further detail on this is given in the Capital investment expenditure section below).

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 median pay gap of 11.9%, but this gap has closed in recent years. LSHTM is committed to and is working towards eliminating the gender pay gap through a number of strategic and operational initiatives and actions. 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, though there is a lower proportion of ethnic minority staff in senior roles (in keeping with trends across the sector). We have set a five-year target to increase ethnic minority representation in the talent pipeline. At Professor level, currently 14.6% are from an ethnic minority background, with a five-year target to increase to 24%. At Associate Professor level, 23.3% are currently from an ethnic minority background, with a five-year target to increase to 24%. At senior Professional Services grades, 21.3% are currently from an ethnic minority background, with a five-year target to increase to 31%.

Treasurer's Report (continued)

LSHTM's efforts on equality, diversity and inclusion initiatives are undertaken using a strategic, long-term approach with the ultimate aim of bringing about long-term and sustainable change.

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 2022-23 academic year, LSHTM did not participate in PRES as we do so bi-annually, so we will next participate in 2024.

Following last year's trial internal end-of-programme survey, LSHTM has now resumed participation in the PTES. Thanks to targeted effort, LSHTM achieved a response rate of 43%, significantly above the sector average response rate of 30%. This has provided us with representative data for each programme and gives a strong insight into the overall student experience, which we can benchmark against the wider HE sector.

Our overall satisfaction rate was 88%, 5% higher than the sector average. Our overall satisfaction rate has also improved by 11% compared with 2021-22, despite the year being impacted by UCU strike action and a marking and assessment boycott. Students were also very positive about our courses being intellectually stimulating and our learning materials being helpful, tracking 5 and 4 percentage points respectively above the sector average.

The main areas for improvement and where satisfaction scores were lower related to assessment and feedback and organisation, where we were in the lowest quarter of institutions sector wide. This may in part be due to the introduction of Term One assessments for all MSc programmes for the first time, the benefit of which will not have been experienced by students until after the closing date of the PTES.

Work is already underway as part of the Education Strategy to address these issues and a full action plan is currently being developed in response to the PTES findings.

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 HESA Estates return. The ongoing improvements in the estate continue to increase the proportion of space in condition A or condition B. The last submitted HESA Estates return indicated that just over 50% of space was in condition A or condition B, but we expect that to noticeably increase when we submit the next HESA Estates return, as we have completed a new building at our Tavistock Place site and are moving to dispose of two properties which are in low graded condition.

Financial performance in the year

These financial statements report the results of LSHTM's activities for the year ended 31 July 2023 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:

	2023	2022
	£m	£m
Income	278.2	261.4
Expenditure	<u>(283.2)</u>	<u>(291.3)</u>
Surplus/(deficit) before other gains and losses	<u>(5.0)</u>	<u>(29.9)</u>
Net operating cash flow	(8.1)	(28.1)
Cash and short-term investments	90.0	108.8

LSHTM's consolidated deficit before other gains and losses for the year improved from a deficit of £29.9m to a deficit of £5.0m on income of £278.2m (2022: £261.4m), a net deficit margin of 1.8% (2022: deficit of 11.4%). The 2023 and 2022 results are impacted by a change in the provision related to the USS pension scheme deficit (see Note 26 for further details), a change in the provision against onerous research projects as well as the impairment on land and buildings not covered by the release of the revaluation reserve in 2023.

Treasurer's Report (continued)

Removing these items results in an adjusted surplus of:

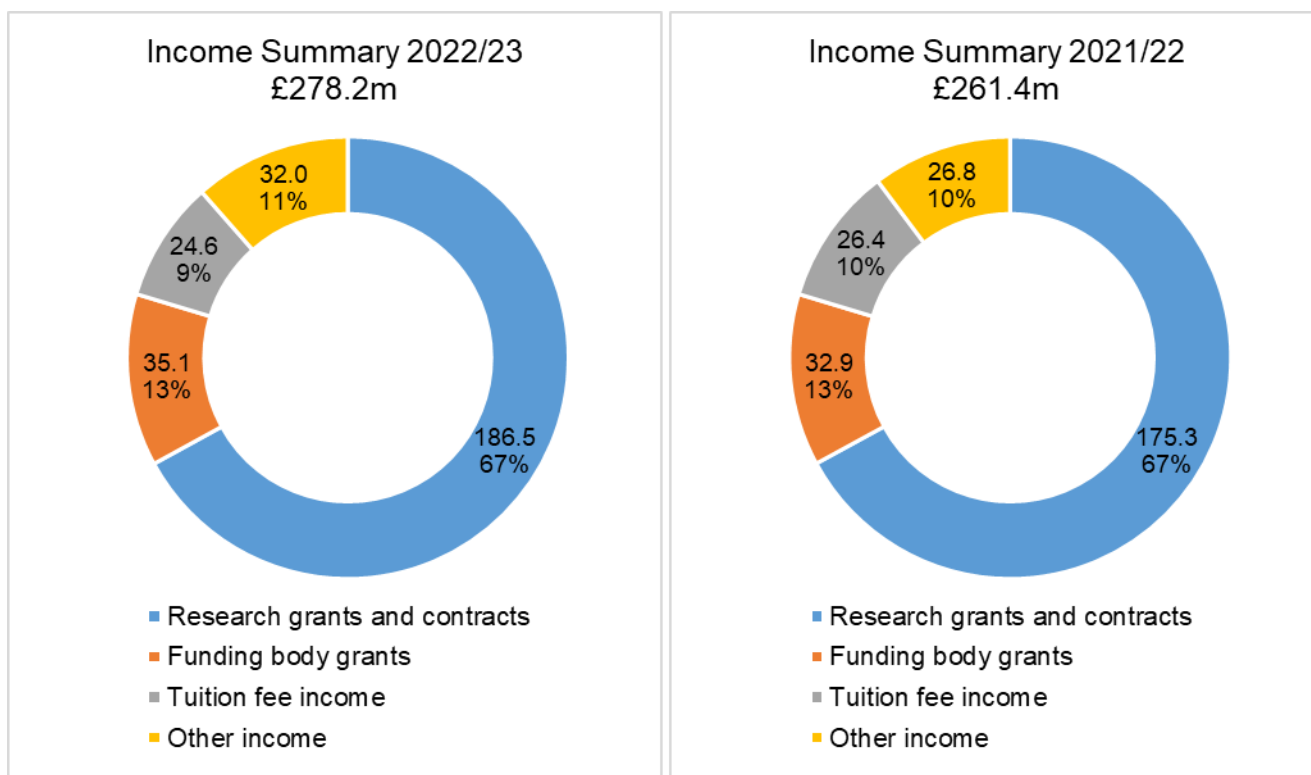
	Note	2023 £m	2022 £m
Deficit before other gains and losses		(5.0)	(29.9)
Remove impact of change in pension provision	10	(7.0)	36.5
Remove impact of onerous contract provision	10	2.0	1.8
Remove impact of impairment charge	13	13.1	-
Adjusted surplus		3.1	8.4
Adjusted surplus as % of income		1.1%	3.2%

The adjusted surplus for 2023 is better than was budgeted, reflecting an increased funding settlement from UK government resulting from the REF, other non-recurrent UK government core research funding and lower than expected operating expenditure from vacant staff posts, both academic and administrative.

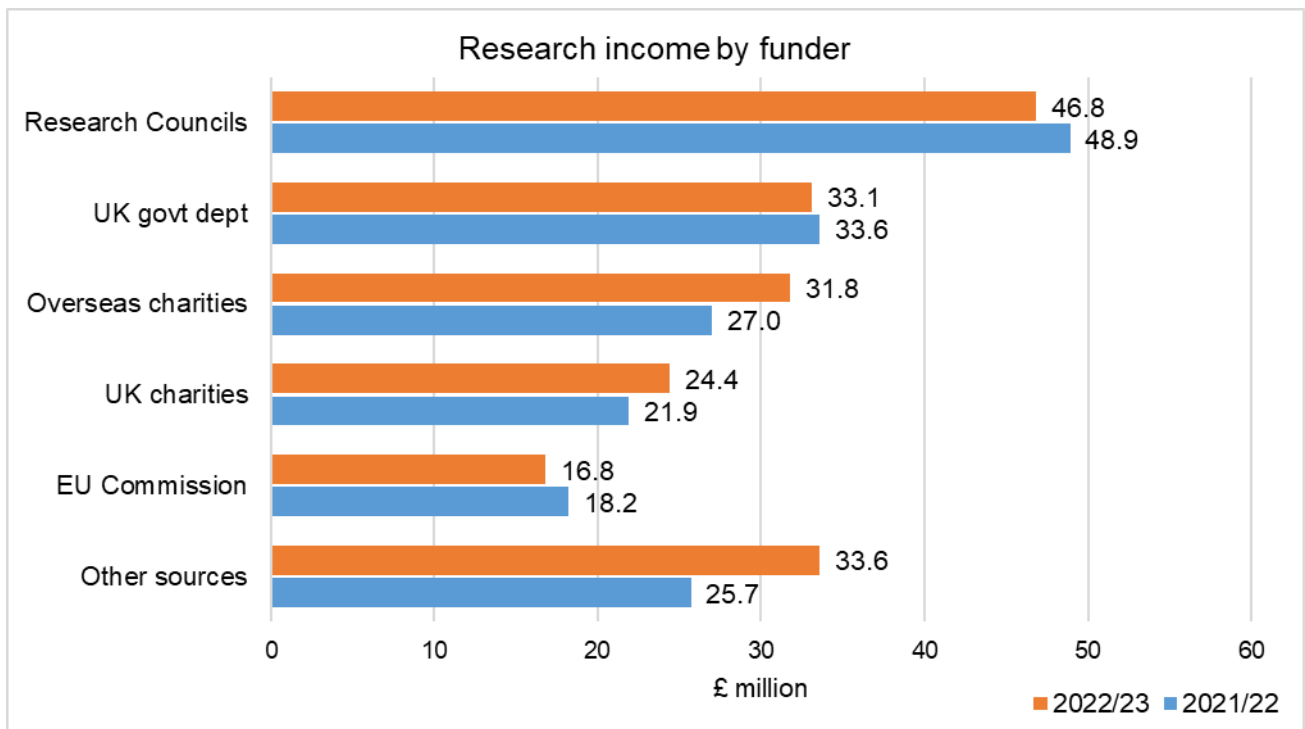
Income

LSHTM's income increased from £261.4m to £278.2m, equivalent to 6.4%. The main elements of the change in income are:

- higher research grants and contracts, £11.2m;
- higher funding body grants, £2.2m, associated with additional Research England funding following the REF;
- higher investment income, £2.5m;
- higher other income, £1.9m; and
- lower tuition fees, £1.8m, due to lower intensive MSc students from the UK and lower distance learning students.



Treasurer's Report (continued)



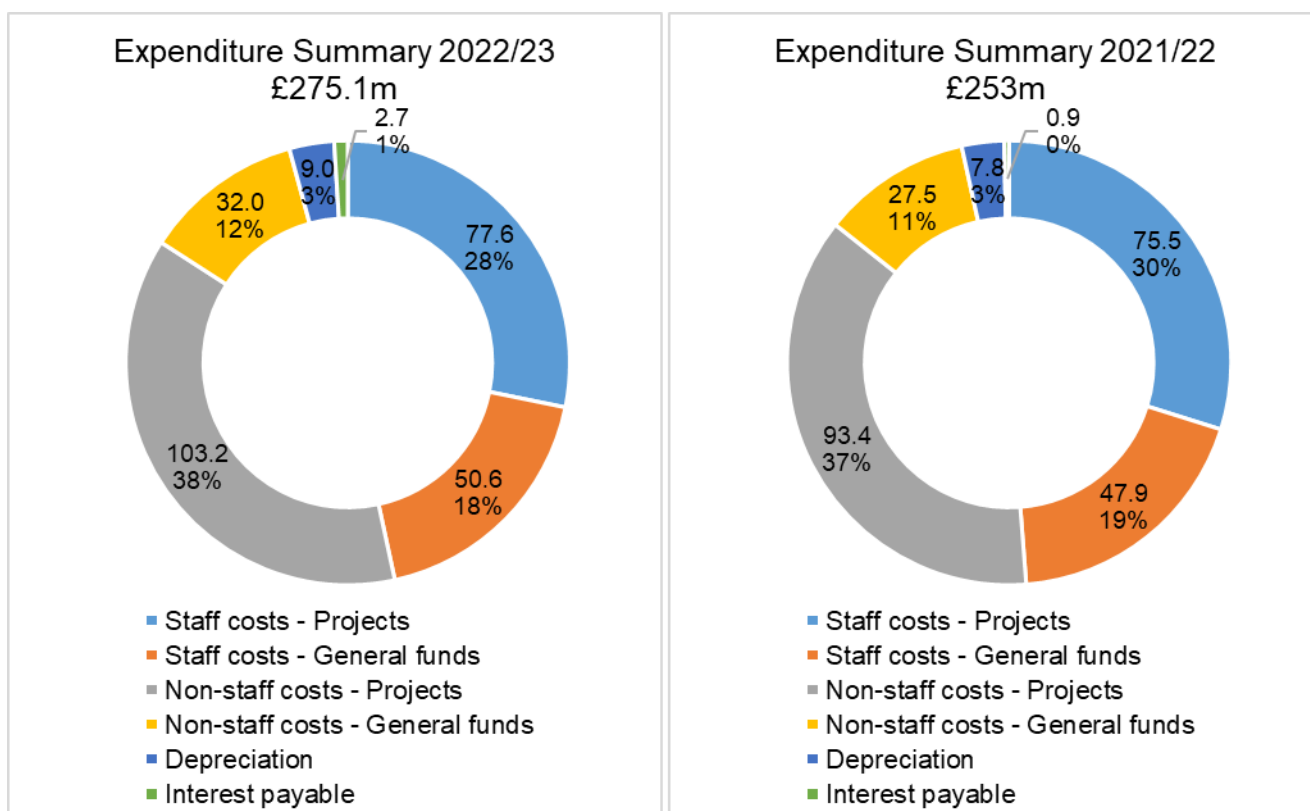
Treasurer's Report (continued)

Operating Expenditure

Total operating expenditure decreased from £291.3m to £283.2m. The main elements of the change in operating expenditure are:

- the change in pension provision, from a charge of £36.5m to a release of £7.0m, so a reduction in expenditure of £43.5m;
- higher project funded operating costs of £11.9m, reflecting higher activity levels and matched by higher income;
- higher general staff and other operating costs of £7.2m, reflecting general inflationary uplift; new activity in subsidiary companies; and priority investments made;
- impairment charge on revaluation of land and buildings of £13.1m; and
- higher depreciation charge of £1.2m.

Operating expenditure breakdowns (excluding pension provision movement and impairment)



	£'m
Expenditure per chart	275.1
Pension provision	(7.0)
Onerous contract provision	2.0
Impairment	13.1
Total expenditure	283.2

	£'m
Expenditure per chart	253.0
Pension provision	36.5
Onerous contract provision	1.8
Impairment	-
Total expenditure	291.3

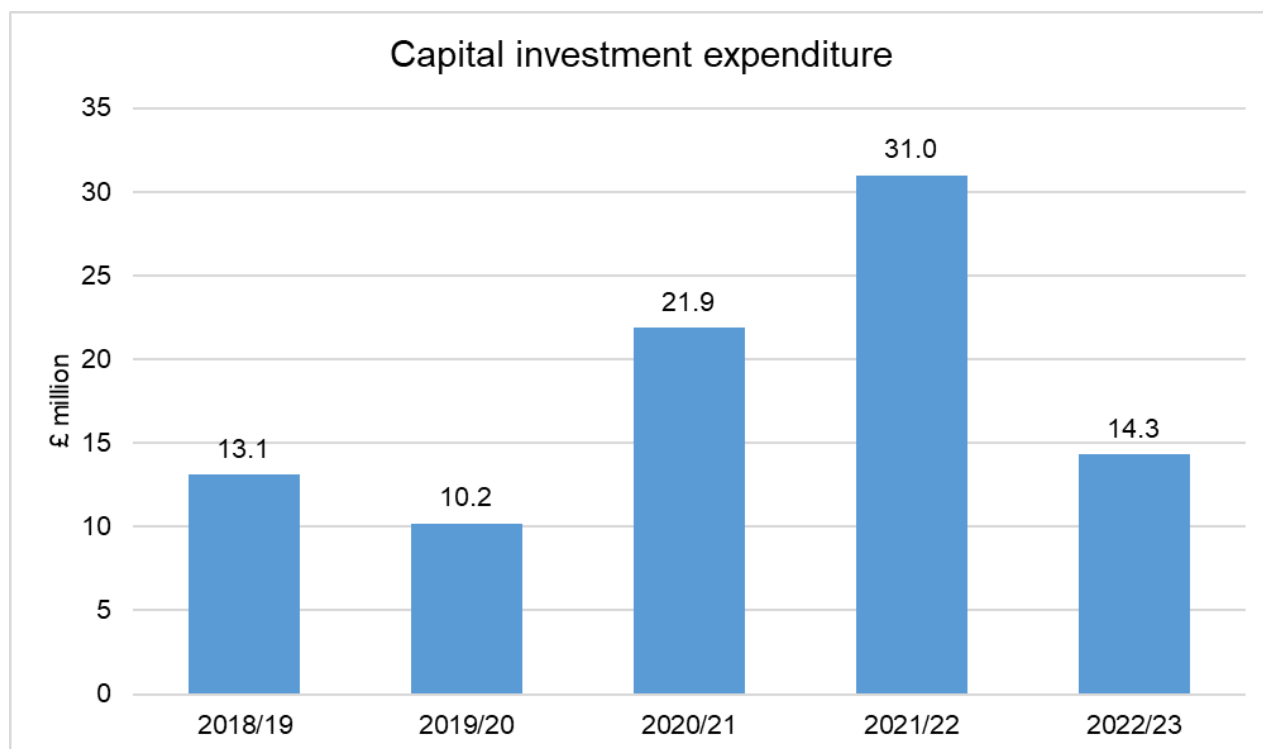
Treasurer's Report (continued)

Capital investment expenditure

Capital investment expenditure for the year was £14.3m (2022: £31.0m). Of this total, the largest components were the completion of works at the Tavistock Place site to construct a new building, improving the environmental sustainability of the Keppel Street site and the third 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 there was a net cash outflow from operating activities of £21.3m (2022: £8.1m). There were also outflows to:

- service loan repayments of £1.1m (2022: £1.1m); and
- invest in capital expenditure (net of capital grants and proceeds from asset sales) of £0.1m (2022: £17.6m).

In addition, there was a net inflow of £4.0m (2022: £20.5m) from endowments, deposits made and investment income.

The overall net change in cash for the year was a decrease of £8.9m (2022: £48.0m).

The cash flow for the year was influenced by the reduction of advance research project funding, which was expected within our financial plan.

Cash and cash equivalents plus short-term investments at the year-end were £90.0m, representing 122 days of operating expenditure (excluding pension provision movement and depreciation). Of this total cash, £33.8m 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 (2022: £1.1m). There were no changes in the year to LSHTM's financing strategy.

Treasurer's Report (continued)

Total net assets increased from £171.9m to £177.0m. This increase was principally driven an increase in debtors for recoverable research expenditure.

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. Given the potentially distorting impact of accounting standards of financial performance, reserves are primarily measured by liquidity. The minimum liquidity for non-research cash agreed by LSHTM's Council is 50 days of total expenditure. At the year-end non-research cash days of total expenditure were 76 days. In addition, LSHTM is holding £27.0m 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 26.

The largest pension scheme in which LSHTM participates is the Universities Superannuation Scheme (USS). USS was last formally valued at 31 March 2023. This valuation is still being consulted on with the scheme's key stakeholders.

At the date of the previous valuation, 31 March 2020, the actuarial deficit of the scheme was £14.1 billion. The provisional valuation at 31 March 2023 is indicating that the scheme has a surplus of £7.4 billion. The material change in the scheme funding position is mainly due to higher UK government bonds (also known as 'gilts') yields, which have reduced the expected value of future pension liabilities.

A number of member benefit changes agreed at the 2020 valuation are proposed to be reversed. It is also proposed, given the surplus position expected, that both member and employer contributions will reduce materially from April 2024.

USS is increasingly unusual in the UK pensions market, as it continues to offer a defined benefit element and is open to new members. LSHTM believes that USS remains an attractive option for members to save for their retirement.

Given the 2023 valuation has not yet concluded, we continue to report in these financial statements LSHTM's notional share of the USS scheme deficit, calculated based on the deficit recovery plan agreed as part of concluding the 2020 valuation. The calculation of this provision is subject to a number of assumptions, which are explained further in Note 26. If the proposed scheme revisions are agreed then the deficit recovery contributions will cease and the deficit provision will be fully released in the financial statements next year.

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 now 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.

Treasurer's Report (continued)

Future Prospects

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

The external environment continues to be volatile and challenging, driven by geo-political events and their economic impact. High cost inflation is 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 continue not to recognise 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. The UK Government remains committed to increased funding for research and innovation to promote economic growth. The announcement in September 2023 by the UK Government that UK research institutions will once again be a part of European research funding frameworks is encouraging, given LSHTM's strong track record in attracting and leading multi-institutional research projects funded under these frameworks.

Short-term we know that the cost of living concerns are impacting on student decision-making. Recruitment to our intensive MSc programmes for 2023-24 is lower than we have planned, with a further 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 Keppel Street and Tavistock Place sites.

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. The early phases of works have been focussed on operational risk reduction through replacement of aging heating, cooling, electrical and mechanical systems.

As noted above, we have also extended the Tavistock Place site, which was operational from summer 2023. This will be 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 expenditure.

Treasurer's Report (continued)

Risk Management and Principal Risks and Uncertainties

Risk management process

The risk management process, based on sector guidance, is overseen by the Audit and Risk Committee and includes a Risk Management Policy and a suite of institutional risk registers (Strategic, Faculty, Unit). Further information on the risk management process can be found in the Corporate Governance section.

Principal risks and uncertainties

LSHTM's institutional 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. The material risks facing LSHTM are:

- Financial sustainability including education income and overhead cost recovery from research funders. As described earlier in this report, we have not met anticipated student recruitment targets and this has dampened expected financial performance. To mitigate this, there is a detailed action plan to increase recruitment to target in both the short and medium-term. Overhead cost recovery from funders is closely monitored and control processes are in place at the application costing stage to ensure cost recovery thresholds are met.
- Inflation. There are areas of cost inflation that may exceed our ability to generate sufficient income to fully offset. One such area is that costs to deliver our research projects may exceed the funding secured, particularly where the funder (rather than LSHTM) determines indexation rates to apply to their funding. We are mitigating this risk through early funder discussions to either secure further funding or to agree changes to deliverables to stay within the funding provided.
- Cyber attacks. Higher education is a prime target for those who wish to access and take control of our various data records and LSHTM is no exception. An extensive range of controls are in place to mitigate this risk, with a detailed action plan for further enhancement, with regular reporting to executive management and the Audit and Risk Committee.
- A reduction in the quality of our research and education would negatively impact LSHTM's reputation and make securing future funding and ensuring an appropriate experience for our students more challenging. To mitigate this risk, in regard to research quality, preparations are already being made to recommend changes needed for our next Research Excellence Framework submission. For education, there is specific student experience workstream within our strategy implementation activities, new student services are being provided and we are refurbishing current spaces used for teaching along with plans for a new teaching and learning centre at our Tavistock Place site.

LSHTM believes it is well placed to respond to these risks and is satisfied that it is managing them effectively.

Going Concern

It is recognised that the impacts of the risks and uncertainties outlined in the section above 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, modelled for two years from the balance sheet date, 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.

Treasurer's Report (continued)

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 were members of the UK Government's Scientific Advisory Group for Emergencies (SAGE) expert advisory groups providing ongoing mathematical modelling, social science guidance and scenario projection for UK government strategic decisions on pandemic response.
- 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 at LSHTM, 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 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.
- 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. They became an official WHO Collaborating Centre in 2021, designated by the WHO Director-General to conduct activities in support of WHO's programmes, and the first of its kind. In 2022 they had a major presence at the COP27 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. LSHTM representatives will also attend COP28 at the end of 2023, which sees the first inclusion of health in the UNFCCC agenda. Further, a novel MSc Programme in Climate Change & Planetary Health was also launched in 2023, to train of a new generation of transdisciplinary leaders.

Treasurer's Report (continued)

- In the ShanghaiRanking's Global Ranking of Academic Subjects 2022 we placed 3rd in public health (1st in the UK). In the 2022 and 2023 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. In the 2023 QS World University Rankings, LSHTM also ranked as 18th in the world for medicine.
- 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 Médecins Sans Frontières and Sight Savers.

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 Strategy to Promote Access and Widening Participation 2022-25.

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 the Council on 30 November 2023 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. During the year, Council developed a Fit and Proper Policy and debated the appropriateness of appointing a Senior Independent Governor (SIG). Council decided not to appoint a SIG because the duties expected within a SIG were already carried out within Council. Furthermore, LSHTM has a mechanism for processing whistleblowing concerns which does not involve the Director or Chair of Council.

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 Instruments of Governance.

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.

The systems of governance and internal control described below were in place for the year ended 31 July 2023 and up to the date of the approval of the Financial Statements, and accords with OfS guidance.

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 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. LSHTM is seeking to formalise the approval of university title and update the Charter through application to the Privy Council in 2023/24.

LSHTM acquired degree awarding powers in 2010 and will consider whether to exercise these over the upcoming academic year 2023/4. LSHTM currently 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.

Corporate Governance (continued)

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 was renewed as Chair of Council on 28 March 2023 following an appraisal process by Council. Mr Hitesh Patel is LSHTM's Deputy Chair of Council as appointed by Council from 1 August 2022 onwards.

Council meets at least four times a year. The majority of meetings are held face to face with members sometimes joining via video conferencing.

Council has commissioned Halpin Partnership to undertake LSHTM's external governance effectiveness review in line with good governance practice as outlined in the CUC code of governance. The external governance effectiveness review is underway and their report and recommendations will be considered by Council in November 2023.

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, Equality, Diversity & 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 2023 has been governed by this approach. Whilst senior executives attend meetings of the Audit & Risk 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 recruiting platforms and promotion via members extensively across relevant networks.

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 is undertaken annually, 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, EDI Strategy, and the values set out in the LSHTM Strategy.

Corporate Governance (continued)

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 in living, 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 other members of the Executive Team 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.

In July 2022, Council approved the merging Diversity & Inclusion Committee and People Committee as 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 approved the terms of reference, membership and transitional arrangements of the merged committee (People, Equality, Diversity & Inclusion Committee, on the recommendation of Nominations Committee on 28 March 2023.

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 governance and internal control was in place for the year ended 31 July 2023 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 a regular 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.

Corporate Governance (continued)

- 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.
- 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 and fit and proper policy 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 to Council. .

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 30 November 2023 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 30 November 2023 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 2023 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 2023 which comprise the Consolidated and LSHTM statement of comprehensive income, the Consolidated and LSHTM statement of changes in reserves, the Consolidated and LSHTM statement of financial position, the Consolidated statement of cash flows 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 and financial statements, 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 Responsibilities of Council, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer.

we considered the significant laws and regulations to be the School's registration with the Office for Students ("OfS") and their ongoing conditions of registration as well as UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, data protection and health and safety legislation.

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

Our procedures in respect of the above included:

- Review of the minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting of inappropriate journal entries and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including assessing the fair value and effectiveness of hedging instruments, the valuation of onerous research contracts, the actuarial assumptions used in the calculation of the Universities Superannuation Scheme liability, the useful economic lives of tangible fixed assets and the valuation of land and buildings.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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

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 and the charters and statutes of the School. 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 2023

	Note	2023		2022	
		Consol. £'000	LSHTM £'000	Consol. £'000	LSHTM £'000
Income					
Tuition fees and education contracts	1	24,562	24,562	26,432	26,432
Funding body grants	2	35,068	35,068	32,873	32,828
Research grants and contracts	4	186,513	186,513	175,341	175,341
Other income	5	20,087	20,080	18,197	18,844
Investment income	6	2,843	2,897	294	311
Donations and endowments	7	9,112	9,112	8,246	8,246
Total income		278,185	278,232	261,383	262,004
Expenditure					
Staff costs before pension adjustment	9	128,253	128,247	123,427	123,404
Pension adjustment	9	(7,029)	(7,010)	36,497	36,502
Total staff costs	9	121,224	121,237	159,924	159,906
Other operating expenses	10	137,139	137,470	122,727	123,058
Depreciation, amortisation and impairment of land & buildings	12/13	22,113	22,113	7,767	7,767
Interest and other finance costs	8	2,742	2,742	855	855
Total expenditure		283,218	283,562	291,273	291,586
Deficit before other gains, losses and share of operating deficit of joint ventures and associates		(5,033)	(5,330)	(29,890)	(29,582)
Gain/(loss) on sale of fixed assets	29	34	34	(40)	(11)
Loss on investments	21	(397)	(397)	(1,808)	(1,808)
Share of operating deficit in joint venture	15	(163)	(163)	(50)	(50)
Deficit before tax		(5,559)	(5,856)	(31,788)	(31,451)
Taxation	11	(5)	-	(38)	-
Deficit for the year		(5,564)	(5,856)	(31,826)	(31,451)
Change in fair value of hedged financial instruments		1,472	1,472	(3,991)	(3,991)
Unrealised surplus on revaluation of land and buildings	13	9,188	9,121	3,179	3,082
Total comprehensive income/(expenditure) for the year		5,096	4,737	(32,638)	(32,360)
Represented by:					
Endowment comprehensive expenditure for the year		(423)	(423)	(2,099)	(2,099)
Restricted comprehensive (expenditure)/income for the year		(18)	(18)	1,805	1,805
Unrestricted comprehensive expenditure for the year		(5,667)	(5,958)	(34,832)	(34,455)
Unrestricted hedging reserve comprehensive income/(expenditure) for the year		1,472	1,472	(662)	(662)
Revaluation reserve comprehensive income/(expenditure) for the year		9,732	9,664	3,150	3,051
		5,096	4,737	(32,638)	(32,360)

All items of income and expenditure relate to continuing activities.
The notes on pages 42 to 67 form part of these financial statements.

Consolidated and LSHTM Statement of Changes in Reserves for the year ended 31 July 2023

Consolidated

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000			
Balance at 1 August 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	(31,504)	-	-	(31,798)
Change in fair value of hedged financial instruments	-	-	-	(3,991)	-	(3,991)
Unrealised gain on land and buildings	-	-	-	-	3,150	3,150
Total comprehensive loss 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
Deficit from the statement of comprehensive income	(423)	(18)	(5,667)	-	-	(6,108)
Change in fair value of hedged financial instruments	-	-	-	1,472	-	1,472
Unrealised gain on land and buildings	-	-	-	-	9,732	9,732
Total comprehensive income for the year	(423)	(18)	(5,667)	1,472	9,732	5,096
Balance at 31 July 2023	18,082	8,892	67,412	(8,534)	91,133	176,985

LSHTM

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000			
Balance at 1 August 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	(31,127)	-	-	(31,421)
Change in fair value of hedged financial instruments	-	-	-	(3,991)	-	(3,991)
Unrealised gain on land and buildings	-	-	-	-	3,051	3,051
Total comprehensive loss for the year	(2,099)	1,805	(31,127)	(3,991)	3,051	(32,361)
Balance at 31 July 2022	18,505	8,910	71,018	(10,006)	81,039	169,466
(Deficit)/surplus from the statement of comprehensive income	(423)	(18)	(5,958)	-	-	(6,399)
Change in fair value of hedged financial instruments	-	-	-	1,472	-	1,472
Unrealised gain on land and buildings	-	-	-	-	9,664	9,664
Total comprehensive (expenditure)/income for the year	(423)	(18)	(5,958)	1,472	9,664	4,737
Balance at 31 July 2023	18,082	8,892	65,060	(8,534)	90,703	174,203

Consolidated and LSHTM Statement of Financial Position as at 31 July 2023

	Note	2023		2022	
		Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Non-current assets					
Intangible assets	12	551	551	773	773
Tangible fixed assets	13	254,480	252,309	256,744	254,641
Investments	14	23,726	23,799	24,258	24,331
		<u>278,757</u>	<u>276,659</u>	<u>281,775</u>	<u>279,745</u>
Current assets					
Trade and other receivables	17	70,268	69,479	45,220	47,135
Short term deposits		10,000	10,000	20,000	20,000
Cash and cash equivalents	23	79,970	79,805	88,849	88,265
		<u>160,238</u>	<u>159,284</u>	<u>154,069</u>	<u>155,400</u>
Creditors: amounts falling due within one year	18	(112,282)	(112,012)	(124,373)	(126,116)
Net current assets		<u>47,956</u>	<u>47,272</u>	<u>29,696</u>	<u>29,284</u>
Total assets less current liabilities		<u>326,713</u>	<u>323,931</u>	<u>311,471</u>	<u>309,029</u>
Creditors: amounts falling due after more than one year	19	(85,143)	(85,143)	(72,110)	(72,110)
Provisions	20	(64,585)	(64,585)	(67,472)	(67,453)
Total net assets		<u><u>176,985</u></u>	<u><u>174,203</u></u>	<u><u>171,889</u></u>	<u><u>169,466</u></u>
Restricted reserves					
Income and expenditure reserve – endowment reserve	21	18,082	18,082	18,505	18,505
Income and expenditure reserve – restricted reserve	22	8,892	8,892	8,910	8,910
Unrestricted reserves					
Income and expenditure reserve – hedge reserve		(8,534)	(8,534)	(10,006)	(10,006)
Income and expenditure reserve – unrestricted		67,412	65,059	73,079	71,018
Revaluation reserve		91,133	90,705	81,401	81,039
Total reserves		<u><u>176,985</u></u>	<u><u>174,203</u></u>	<u><u>171,889</u></u>	<u><u>169,466</u></u>

The Financial Statements on pages 30 to 67 were approved by Council on 30 November 2023 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 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(5,563)	(31,827)
Adjustment for non-cash items			
Depreciation	13	8,750	7,443
Amortisation of intangibles	12	222	324
Impairment of land and buildings	13	13,141	-
Loss on investments		397	1,808
Movement in debtors		(21,142)	(9,624)
Movement in creditors		(5,350)	(11,957)
Movement in pension provision	10	(7,029)	36,497
Movement in other provisions	20	2,000	1,750
Share of operating deficit in joint venture	15	163	50
Adjustment for investing or financing activities			
Investment income	6	(2,843)	(294)
Interest payable	8	2,741	855
Endowment investment income	7	(969)	(253)
(Gain)/loss on the sale of fixed assets	29	(34)	40
Capital grant income		(5,444)	(2,912)
Net cash outflow from operating activities		(20,960)	(8,100)
Cash flows from investing activities			
Proceeds from the sale of fixed assets	29	34	548
Capital grants receipts		13,895	10,909
Investment income	6	2,843	294
Payments made to acquire fixed assets	13	(14,278)	(30,438)
Payments made to acquire intangible assets	12	(67)	(277)
Outflow to short term deposit		-	(20,000)
Inflow from short term deposits		10,000	-
Net cash inflow/(outflow) from investing activities		12,427	(38,964)
Cash flows from financing activities			
Interest paid	8	(600)	(611)
Repayments of amounts borrowed	23	(715)	(538)
Endowment investment income	21	969	252
Net cash outflow from financing activities		(346)	(897)
Decrease in cash and cash equivalents in the year		(8,879)	(47,961)
Cash and cash equivalents at beginning of the year	23	88,849	136,810
Cash and cash equivalents at end of the year	23	79,970	88,849
Cash and cash equivalents movement in year		(8,879)	(47,961)

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 2019 (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 (2019 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 2023. 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 when LSHTM is entitled to receive 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 has operated a Total Return endowment investment management policy for permanent endowments and an associated Total Return Accounting policy since 2014. Advice was obtained from Mills & Reeve in September 2023 to confirm LSHTM's accounting treatment. 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. Historically this was calculated as RPI + 2% of the value of the brought forward endowment. From the 2022/23 onwards it has been calculated as the lower of RPI + 2% and 6%.

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 engages external valuers to undertake a desktop assessment, using published information on market rentals and building cost indices, to ensure that the book values of its assets are not materially different from their fair values. Depreciation is subsequently charged on the revalued amount.

Statement of Principal Accounting Policies (continued)

9. Tangible fixed assets (continued)

A valuation of all land and buildings at LSHTM's London sites was carried out as at 31 July 2023 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 split into components (structure, mechanical and electrical, and fit-out) for depreciation purposes and are depreciated on a straight line basis over their relative 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 recognised 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 Statement of Comprehensive Income.

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.

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. These are an element of LSHTM's cash management, enabling better returns.

Statement of Principal Accounting Policies (continued)

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 effectiveness of hedging instruments.

Swaps on bank loans

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.

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

High inflation in 2022 and 2023 across the countries in which LSHTM operates has put some pressure on research project budgets, this is expected to continue into 2024 and 2025. There is the potential for higher costs than budgeted to be incurred on projects in order to meet the contractual terms, and not all research funders will cover the full impact of inflation on expenditure. 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 stage of completion and level of financial risk for each project. A range of potential future inflation rates was applied to calculate potential financial impact.

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. 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 recovery plan in existence at the date of approving these financial statements.

Statement of Principal Accounting Policies (continued)

18. Key Judgements & Estimates (continued)

b) Key estimates

i) Hedging provision

Management uses its judgement to assess the fair value 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.

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) 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 5.52% (2022: 3.31%), 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 range of 3.0% to 6.0% (2022: 3.0% to 4.0% p.a.) change for salary inflation and a 0.5% change p.a. (2022: 0.5% p.a. change) in staff numbers.

A sensitivity analysis of changes in these three factors on the provision is set out in Note 26.

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.

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 global economic and political uncertainties and has reviewed a number of alternative financial scenarios over the period to July 2025; 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

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Fees from full-time students charged UK fees	2,425	2,425	2,611	2,611
Fees from full-time students charged overseas fees	10,097	10,097	9,993	9,993
Fees from students charged part-time fees	1,930	1,930	1,698	1,698
Fees from students on short courses	1,656	1,656	1,306	1,306
Fees from distance learning courses	8,454	8,454	10,824	10,824
	<u>24,562</u>	<u>24,562</u>	<u>26,432</u>	<u>26,432</u>

2. Funding body grants

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Recurrent grants				
UKRI Research grants	23,014	23,014	20,849	20,849
OfS Teaching grants	2,531	2,531	3,057	3,057
	<u>25,545</u>	<u>25,545</u>	<u>23,906</u>	<u>23,906</u>
Specific grants				
Higher Education Innovation Fund	2,381	2,381	2,249	2,204
Specialist Provider/Specialist Institution funding	2,000	2,000	3,776	3,776
Business QR Recovery	1,660	1,660	252	252
Policy Support / Strategic Priority Fund	1,000	1,000	1,000	1,000
QR research degree programme recovery	166	166	109	109
Enhancing Research Culture	84	84	215	215
Participatory Research Programme	-	-	96	96
	<u>7,291</u>	<u>7,291</u>	<u>7,697</u>	<u>7,652</u>
Release of deferred capital grants	2,232	2,232	1,270	1,270
	<u>35,068</u>	<u>35,068</u>	<u>32,873</u>	<u>32,828</u>

3. Grant and fee income

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Grant and fee income				
Grant income from the OfS	2,531	2,531	3,057	3,057
Grant income from other bodies	32,537	32,537	29,816	29,771
Fee income for taught awards (excl. VAT)	19,903	19,903	22,243	22,243
Fee income for research awards (excl. VAT)	3,003	3,003	2,883	2,883
Fee income from non-qualifying courses (excl. VAT)	1,656	1,656	1,306	1,306
	<u>59,630</u>	<u>59,630</u>	<u>59,305</u>	<u>59,260</u>

Included within Grant income from other bodies is £nil (2022: £34k) of income relating to the UK Government's Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

4. Research grants and contracts

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
UK research councils	46,771	46,771	48,911	48,911
UK charities	24,435	24,435	21,876	21,876
UK government departments and health authorities	33,055	33,055	33,607	33,607
UK Industry & Commerce	2,196	2,196	2,412	2,412
UK other	231	231	927	927
EU charities	1,198	1,198	1,184	1,184
EU Commission and other government bodies	16,765	16,765	18,187	18,187
EU Industry & Commerce	1,217	1,217	1,754	1,754
EU other	1,482	1,482	2,414	2,414
Charities based outside the EU	30,590	30,590	25,841	25,841
Government bodies outside the EU	11,721	11,721	9,168	9,168
Industry and commerce outside the EU	2,298	2,298	1,615	1,615
Other sources outside the EU	14,554	14,554	7,445	7,445
	186,513	186,513	175,341	175,341

5. Other income

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research consultancy	1,206	1,206	2,422	2,407
Other non-research grant income	7,732	7,732	6,204	6,204
	8,938	8,938	8,626	8,611
Refectory	287	287	102	102
Other income	10,862	10,855	9,469	10,131
	11,149	11,142	9,571	10,233
	20,087	20,080	18,197	18,844

Included within Other non-research grant income is £nil (2022: £34k) 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

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Other investment income	2,843	2,897	294	311
	<u>2,843</u>	<u>2,897</u>	<u>294</u>	<u>311</u>

7. Donations and endowments

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Endowment investment income	969	969	253	253
Donations with restrictions	8,143	8,143	7,993	7,993
	<u>9,112</u>	<u>9,112</u>	<u>8,246</u>	<u>8,246</u>

8. Interest and other finance costs

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Loan interest	600	600	611	611
Net charge on the USS pension scheme	2,142	2,142	244	244
	<u>2,742</u>	<u>2,742</u>	<u>855</u>	<u>855</u>

9. Staff costs

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Salaries	102,170	102,165	98,938	98,920
Social security costs	8,094	8,094	7,941	7,940
Other pension costs	17,655	17,654	16,233	16,229
Apprenticeship levy	334	334	315	315
Movement in USS pension deficit recovery plan provision (Notes 20,27)	(7,029)	(7,010)	36,497	36,502
	<u>121,224</u>	<u>121,237</u>	<u>159,924</u>	<u>159,906</u>

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Emoluments of the Director:	2023	2022
	£'000	£'000
Basic salary	212	215
Bonus	40	35
Bonus waived	-	(35)
Allowances linked to clinical academic role	78	80
Payment in lieu of pension contributions	50	60
Pension contributions	10	-
Salary sacrifice	(2)	-
	388	355

Of the total emoluments of the Director set out above, £59k out of £78k of allowances (2022: £63k) was funded by the NHS in respect of the Director's contract as an NHS clinician.

Pay Ratio Calculations based on the Director's salary

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

	2023	2022
Basic salary ratio	4.4	4.7
Total remuneration ratio	8.0	8.5

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. 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 progress against objectives 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 good performance academically and financially against the objectives set by LSHTM's Council. This good performance includes continued success in attracting research grant funding, world-leading research outputs and impact on global health and health policy and a stronger relatively healthy 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 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):

	2023 No.	2022 No.
£100,000 to £104,999	5	20
£105,000 to £109,999	24	22
£110,000 to £114,999	19	19
£115,000 to £119,999	22	5
£120,000 to £124,999	5	3
£125,000 to £129,999	6	3
£130,000 to £134,999	2	-
£135,000 to £139,999	-	2
£140,000 to £144,999	-	-
£145,000 to £149,999	2	1
£150,000 to £154,999	1	-
£155,000 to £159,999	1	-
£160,000 to £164,999	-	1
£165,000 to £169,999	1	1
£210,000 to £214,999	1	-
£215,000 to £219,999	-	1
	<u>89</u>	<u>78</u>

Average staff numbers by major category:

	2023 No.	2022 No.
Teaching and Research staff in academic faculties	867	888
Support staff in academic faculties	263	263
LSHTM/MRC research units in Gambia and Uganda	2,101	2,127
Central services	309	296
Premises	81	34
	<u>3,621</u>	<u>3,608</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.

	2023 £'000	2022 £'000
Key management personnel total remuneration	<u>2,335</u>	<u>2,174</u>
	No.	No.
Number of key management personnel (no. of individuals)	15	12
Number of key management personnel (FTEs)	13	12

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Key management personnel who served during the year are:

Prof Liam Smeeth	Director
Dr Matthew Lee	Chief Operating Officer
Prof Dame Anne Mills (until December 2022)	Deputy Director and Provost
Ms Jenny Jenkin (until December 2022)	Secretary & Registrar
Prof Caroline Relton (from January 2023)	Pro-Director, Research and Academic Development
Mr Craig Higgins	Pro-Director, Education
Prof Elizabeth Allen	Dean of EPH Faculty
Ms Katie Steels (from October 2022)	Director, Communications & Engagement
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
Prof Alison Grant	Dean of ITD Faculty
Prof Kara Hanson	Dean of PHP Faculty
Mr Andrew Dyer	Director, Finance
Mr Kevin Coutinho (from November 2022 until July 2023)	Director, Equity, Diversity and Inclusion
Dr Roshni Mooneeram (from 31 July 2023)	Director, Equity, Diversity and Inclusion

Council members

No Council member has received any remuneration/waived payments from the Group during the financial year 2023. The total expenses paid on behalf of Council members was £nil (2022: £nil).

10. Analysis of total expenditure by activity

	2023 Consolidated £'000			2022 Consolidated £'000		
	Staff	Other	Total	Staff	Other	Total
Academic faculties:						
General funds	24,067	2,091	26,158	21,605	3,843	25,448
Projects:						
Research grants and contracts	65,492	89,489	154,981	64,964	81,237	146,201
LSHTM/MRC Units	9,166	6,926	16,092	7,631	6,161	13,792
Consultancy agreements	635	571	1,206	699	1,708	2,407
Provision – onerous research projects	-	2,000	2,000	-	1,750	1,750
Other grants	2,370	6,178	8,548	2,242	4,339	6,581
Total academic faculties' expenditure	101,730	107,255	208,985	97,141	99,038	196,179
Academic services	9,064	6,522	15,586	9,447	5,692	15,139
Administrative services	12,837	6,947	19,784	11,766	2,986	14,752
Maintenance of premises	2,467	3,692	6,159	1,009	4,372	5,381
Equipment and furniture	-	327	327	-	195	195
Refectory	286	178	464	461	153	614
USS pension provision	(7,029)	-	(7,029)	36,497	-	36,497
Annual leave accrual	(1,149)	-	(1,149)	1,062	-	1,062
General education expenditure	1,483	3,928	5,411	1,322	2,805	4,127
Studentships	-	3,727	3,727	-	3,405	3,405
Other expenditure	1,535	2,987	4,522	1,219	3,706	4,925
Currency exchange rate losses	-	1,576	1,576	-	375	375
	19,494	29,884	49,378	62,783	23,689	86,472
	121,224	137,139	258,363	159,924	122,727	282,651

Notes to the Financial Statements (continued)

10. Analysis of total expenditure by activity (continued)

Other operating expenses include:	2023 £'000	2022 £'000
LSHTM financial statements audit	148	97
Subsidiary financial statements audit	14	11
US Loans FFELP audit	9	8
	<u>171</u>	<u>116</u>

Operating lease rentals:		
Property	173	472
Other	13	46

	2023 LSHTM £'000			2022 LSHTM £'000		
	Staff	Other	Total	Staff	Other	Total
Academic faculties:						
General funds	24,067	2,091	26,158	21,605	3,843	25,448
Projects:						
Research grants and contracts	65,492	89,489	154,981	64,964	81,237	146,201
LSHTM/MRC Units	9,166	6,926	16,092	7,631	6,161	13,792
Consultancy agreements	635	571	1,206	699	1,708	2,407
Provision – onerous research projects	-	2,000	2,000	-	1,750	1,750
Other grants	2,370	6,178	8,548	2,242	4,339	6,581
Total academic faculties' expenditure	<u>101,730</u>	<u>107,255</u>	<u>208,985</u>	<u>97,141</u>	<u>99,038</u>	<u>196,179</u>
Academic services	9,064	6,521	15,586	9,447	5,692	15,139
Administrative services	12,831	6,947	19,778	11,743	2,986	14,729
Maintenance of premises	2,467	3,692	6,159	1,009	4,372	5,381
Equipment and furniture	-	327	327	-	195	195
Refectory	286	178	464	461	153	614
USS pension provision	(7,010)	-	(7,010)	36,502	-	36,502
Annual leave accrual	(1,149)	-	(1,149)	1,062	-	1,062
General education expenditure	1,483	3,928	5,411	1,322	2,805	4,127
Studentships	-	3,727	3,727	-	3,405	3,405
Other expenditure	1,535	3,319	4,853	1,219	4,037	5,256
Currency exchange rate losses	-	1,576	1,576	-	375	375
	<u>19,507</u>	<u>30,215</u>	<u>49,722</u>	<u>62,765</u>	<u>24,020</u>	<u>86,785</u>
	<u>121,237</u>	<u>137,470</u>	<u>258,707</u>	<u>159,906</u>	<u>123,058</u>	<u>282,964</u>

Notes to the Financial Statements (continued)

11. Taxation

	2023 £'000 Consolidated	2022 £'000 Consolidated
Recognised in the statement of comprehensive income and expenditure		
Current tax	<u>5</u>	<u>38</u>
Current and total tax expense	<u><u>5</u></u>	<u><u>38</u></u>
Tax reconciliation:		
	2023 £'000	2022 £'000
Deficit before taxation	(5,559)	(31,788)
Corporation tax at 19%	17	(6,040)
Effect of:		
Surplus/(deficit) falling within charitable exemption	(17)	6,040
Corporation tax in Chariot Innovations Limited	5	38
Total tax expense	<u><u>5</u></u>	<u><u>38</u></u>

The corporation tax charge in 2022 and 2023 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 2022	241	2,914	3,155
Additions	-	-	-
Transfers	-	-	-
Disposals	-	-	-
At 31 July 2023	<u><u>241</u></u>	<u><u>2,914</u></u>	<u><u>3,155</u></u>
Amortisation			
At 1 August 2022	-	2,382	2,382
Charge for the year	-	222	222
Disposals	-	-	-
At 31 July 2023	<u><u>-</u></u>	<u><u>2,604</u></u>	<u><u>2,604</u></u>
Net book value			
At 31 July 2023	<u><u>241</u></u>	<u><u>310</u></u>	<u><u>551</u></u>
At 31 July 2022	<u><u>241</u></u>	<u><u>532</u></u>	<u><u>773</u></u>

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 2022	194,045	37,678	29,881	35,516	297,120
Additions	-	-	889	9,550	10,439
Transfers	33,984	-	2,587	(36,571)	-
Surplus on revaluation	6,357	3,352	-	-	9,709
Disposals	-	-	-	-	-
At 31 July 2023	<u>234,386</u>	<u>41,030</u>	<u>33,357</u>	<u>8,495</u>	<u>317,268</u>
Depreciation and impairment					
At 1 August 2022	16,767	527	23,082	-	40,376
Charge for the year	4,246	1,248	3,257	-	8,751
Impairment on revaluation	13,794	3,212	-	-	17,006
Written back on revaluation	(2,227)	(1,118)	-	-	(3,345)
Disposals	-	-	-	-	-
At 31 July 2023	<u>32,580</u>	<u>3,869</u>	<u>26,339</u>	<u>-</u>	<u>62,788</u>
Net book value					
At 31 July 2023	<u>201,806</u>	<u>37,161</u>	<u>7,018</u>	<u>8,495</u>	<u>254,480</u>
At 31 July 2022	<u>177,278</u>	<u>37,151</u>	<u>6,799</u>	<u>35,516</u>	<u>256,744</u>
Leased assets included above:					
Net book value					
At 31 July 2023	<u>-</u>	<u>37,161</u>	<u>-</u>	<u>-</u>	<u>37,161</u>
At 31 July 2022	<u>-</u>	<u>37,151</u>	<u>-</u>	<u>-</u>	<u>37,151</u>

At 31 July 2023, freehold land and buildings included £58,693k (2022: £64,926k) 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 2023 by external valuers Gerald Eve LLP, Sphinx Associates and Hillscape Valuers respectively. The revaluation as at 31 July 2023 resulted in a net decrease in the net book value of land and buildings of £3,952k (2022: net increase of £3,179k).

Land in London (Keppel Street and Tavistock Place) is considered to be specialised in nature. The valuation has been determined by what other uses a buyer of an alternative site for the specialised use would have to pay to compete in the market. Given the lack of similar recent land sales, the valuation is judgement-led, taking account of wider trends in land values at a national level. The assessed value of land at Keppel Street is £137 per square foot and at Tavistock Place is £287 per square foot.

The building at Keppel Street is also considered to be specialised in nature. The valuation has been determined using a Depreciated Replacement Cost method. It is considered that any less specialised elements of the building will likely be integral to the functioning of the building as a whole and for the purposes of the valuation inseparable from the specialised higher education uses of the building. On the DRC method used, the assessed value of the Keppel Street building is £417 per square foot.

Notes to the Financial Statements (continued)

13. Tangible fixed assets (continued)

The buildings at Tavistock Place are considered to be non-specialised property, and as such have been valued on an Existing Use Value basis, having regard to recent sales of office accommodation (Use Class E) in the vicinity. The assessed value, on this EUV basis, is £388 per square foot for Tavistock Place 1 (the older of the two buildings) and £644 per square foot for Tavistock Place 2 (the newer of the two buildings).

As at the valuation date the two Bedford Square properties were on the market for sale. The valuation reflects a subsequent accepted offer on these properties, equating to £638 per square foot.

Land and buildings in The Gambia are located at seven sites, spread throughout the country. The valuation methods used are consistent across all sites; EUV for land and DRC for buildings. The valuations vary greatly by location. For land, the value per hectare ranges from £6,003 to £786,300. The lower value represents a small remote rural site and the higher value reflects a sea-front location in a sought after area. For buildings, the value varies according to building construction type, with a range from £113 per square metre to £458 per square metre. The lower value represents a site with simple concrete construction non-research buildings and the higher value reflects a site with a large proportion of specialist research facilities including laboratories.

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 2022	191,941	37,678	29,881	35,517	295,017
Additions	-	-	889	9,550	10,439
Transfers	33,984	-	2,587	(36,571)	-
Surplus on revaluation	6,289	3,352	-	-	9,641
Disposals	-	-	-	-	-
At 31 July 2023	<u>232,214</u>	<u>41,030</u>	<u>33,357</u>	<u>8,496</u>	<u>315,097</u>
Depreciation and impairment					
At 1 August 2022	16,767	527	23,082	-	40,376
Charge for the year	4,246	1,248	3,257	-	8,751
Impairment on revaluation	13,794	3,212	-	-	17,006
Written back on revaluation	(2,227)	(1,118)	-	-	(3,345)
Disposals	-	-	-	-	-
At 31 July 2023	<u>32,580</u>	<u>3,869</u>	<u>26,339</u>	<u>-</u>	<u>62,788</u>
Net book value					
At 31 July 2023	<u>199,634</u>	<u>37,161</u>	<u>7,018</u>	<u>8,496</u>	<u>252,309</u>
At 31 July 2022	<u>175,174</u>	<u>37,151</u>	<u>6,799</u>	<u>35,517</u>	<u>254,641</u>
Leased assets included above:					
Net book value					
At 31 July 2023	<u>-</u>	<u>37,161</u>	<u>-</u>	<u>-</u>	<u>37,161</u>
At 31 July 2022	<u>-</u>	<u>37,151</u>	<u>-</u>	<u>-</u>	<u>37,151</u>

At 31 July 2023, freehold land and buildings included £56,610k (2022: £62,910k) 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 2022	-	24,258	24,258
Investment management costs	-	(58)	(58)
Total return released to SOCI	-	(482)	(482)
Expenditure	-	(996)	(996)
Income	-	1,510	1,510
Unrealised loss	-	(506)	(506)
At 31 July 2023	-	23,726	23,726

LSHTM	Subsidiary companies	Other fixed asset investments	Total
	£'000	£'000	£'000
As 1 August 2022	100	24,231	24,331
Investment management costs	-	(58)	(58)
Total return released to SOCI	-	(482)	(482)
Expenditure	-	(996)	(996)
Income	-	1,510	1,510
Unrealised loss	-	(506)	(506)
At 31 July 2023	100	23,699	23,799

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	-	-
Sustainable Climate Impact Fund Limited	-	211
	-	100,213
Other fixed asset investments	£'000	£'000
Endowment asset investments (see note 21)	18,082	18,082
Fixed asset investments	5,644	5,617
	23,726	23,699

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)

14. Non-current investments (continued)

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.

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.

	2023 £'000	2022 £'000
Income and expenditure account (LSHTM share)		
Income	200	171
Expenditure	(363)	(221)
Deficit before tax and contributions from LSHTM	<u>(163)</u>	<u>(50)</u>

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 2023, Chariot owned 27,685 shares out of 111,967 (24.7%) (2022: 27,685 shares) in Arctech Innovation Limited.

Notes to the Financial Statements (continued)

17. Trade and other receivables

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Amounts falling due within one year:				
Research expenditure recoverable	28,400	28,400	16,482	16,482
Other trade receivables	31,567	30,879	23,577	23,452
Prepayments and accrued income	5,308	5,308	4,431	6,291
Social security and other taxation receivable	4,993	403	730	379
Amounts due from subsidiary companies	-	4,489	-	531
	<u>70,268</u>	<u>69,479</u>	<u>45,220</u>	<u>47,135</u>

18. Creditors: amounts falling due within one year

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Unsecured loans	733	733	715	715
Trade payables	5,496	5,605	5,410	3,967
Social security and other taxation payable	-	-	1,982	1,982
Accruals and deferred income	105,035	104,656	108,683	111,869
Derivatives	1,018	1,018	7,583	7,583
	<u>112,282</u>	<u>112,012</u>	<u>124,373</u>	<u>126,116</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:

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research grants received on account	62,077	62,077	66,134	66,134
Accrued expenses	17,304	16,925	15,520	17,238
Deferred income	25,654	25,654	27,029	28,497
	<u>105,035</u>	<u>104,656</u>	<u>108,683</u>	<u>111,869</u>

19. Creditors: amounts falling due after one year

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Deferred income	66,379	66,379	57,706	57,706
Derivatives	7,515	7,515	2,422	2,422
Unsecured loans	11,249	11,249	11,982	11,982
	<u>85,143</u>	<u>85,143</u>	<u>72,110</u>	<u>72,110</u>

Notes to the Financial Statements (continued)

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

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.

The derivatives are accounted for as a hedge of variable rate interest rate risk, in accordance with FRS102 and had a fair value of £363k (2022: £2,584k) 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 £2,220k (2022: reduction of £2,240k), 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 £8,169k (2022: £7,421k) at the balance sheet date. The change in fair value in the period was an increase in the liability of £748k (2022: £6,232k), with the entire difference being recognised as a charge to other comprehensive income.

Analysis of unsecured loans:

	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Due within one year or on demand (note 18)	733	733	715	715
Due between one and two years	755	755	733	733
Due between two and five years	2,249	2,249	2,334	2,334
Due in five years or more	8,245	8,245	8,915	8,915
Due after more than one year	11,249	11,249	11,982	11,982
	11,982	11,982	12,697	12,697

LSHTM's unsecured loan facilities comprise:

	Amount £'000	Maturity	Borrower
National Westminster Bank plc	8,010	2038	LSHTM
National Westminster Bank plc	3,340	2038	LSHTM
Salix Finance Limited	632	2027	LSHTM
	11,982		

Notes to the Financial Statements (continued)

20. Provisions

Consolidated	Obligation to fund deficit on USS pension £'000	Onerous contract provisions £'000	Total provisions £'000
As 1 August 2022	64,722	2,750	67,472
Additions in year	-	2,000	2,000
Released in year	(4,887)	-	(4,887)
At 31 July 2023	59,835	4,750	64,585

School	Obligation to fund deficit on USS pension £'000	Onerous contract provisions £'000	Total provisions £'000
As 1 August 2022	64,703	2,750	67,453
Additions in year	-	2,000	2,000
Released in year	(4,868)	-	(4,868)
At 31 July 2023	59,835	4,750	64,585

There were no pension scheme enhancements in 2023 (2022: Nil).

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 26.

21. Endowments

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2023 Total £'000	2022 Total £'000
Balances at 1 August					
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
	12,720	1,933	3,852	18,505	20,604
New endowments	-	-	-	-	-
Investment income	219	46	1,245	1,510	1,288
Decrease in market value of investments	(271)	(41)	(85)	(397)	(1,808)
Total return allocated to income in the reporting period	(400)	(82)	-	(482)	(437)
Expenditure	-	-	(996)	(996)	(1,077)
Management fees	(48)	(10)	-	(58)	(65)
	(500)	(87)	164	(423)	(2,099)
At 31 July	12,220	1,846	4,016	18,082	18,505

Notes to the Financial Statements (continued)

21. Endowments (continued)

At end of reporting period:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2023 Total £'000	2022 Total £'000
Expendable endowments	-	-	4,016	4,016	3,852
Permanent endowment base value	9,718	1,371	-	11,089	11,088
Unapplied total return	2,502	475	-	2,977	3,565
	<u>12,220</u>	<u>1,846</u>	<u>4,016</u>	<u>18,082</u>	<u>18,505</u>

Represented by:

Capital	12,220	1,846	2,346	16,412	16,745
Accumulated income	-	-	1,670	1,670	1,760
	<u>12,220</u>	<u>1,846</u>	<u>4,016</u>	<u>18,082</u>	<u>18,505</u>

Analysed by type and purpose:

Scholarships and bursaries	2,391	-	2,628	5,019	4,843
Research support and Lectureships	3,166	-	626	3,792	4,145
Brass Blacker Chair	3,063	-	709	3,772	3,826
Takeda Chair in Global Child Health	3,191	-	(91)	3,100	3,198
Prize funds	131	-	47	178	184
General	277	1,846	98	2,221	2,309
	<u>12,219</u>	<u>1,846</u>	<u>4,017</u>	<u>18,082</u>	<u>18,505</u>

Analysed by asset:

Non-current asset investments				17,648	17,902
Cash & cash equivalents				434	603
				<u>18,082</u>	<u>18,505</u>

Notes to the Financial Statements (continued)

22. Restricted reserves

Reserves with restrictions are as follows:

	2023 Donations reserve £'000	2022 Donations reserve £'000
Balances as 1 August	8,910	7,105
New donations	2,267	3,126
Expenditure	(2,285)	(1,321)
Total restricted comprehensive (loss)/income in the year	(18)	1,805
At 31 July	8,892	8,910
Analysis by type of purpose:		
Lectureships	435	370
Scholarships and bursaries	634	377
Research support	5,055	5,335
Prize funds	201	210
General	141	103
Capital	2,426	2,515
At 31 July	8,892	8,910

23. Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Consolidated			
Cash and cash equivalents	88,849	(8,879)	79,970
LSHTM			
Cash and cash equivalents	88,265	(8,460)	79,805

As at 31 July 2023, £10m (2022: £20m) is held as a short-term deposit and recognised separately on the Statement of Financial Position.

Analysis of change in consolidated net debt

	At 1 August 2022 £'000	Cashflows £'000	Non-cash changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	88,849	(8,879)	-	79,970
Borrowings due within 1 year	(715)	715	(733)	(733)
Borrowings due after 1 year	(11,982)	-	733	(11,249)
Total borrowings	(12,697)	715	-	(11,982)
Derivatives (Notes 18 & 19)	(2,584)	-	2,221	(363)
	73,568	(8,164)	2,221	67,625

Notes to the Financial Statements (continued)

24. Capital and other commitments

Committed	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	2,589	2,589	3,403	3,403
Other	202	202	467	467
	<u>2,791</u>	<u>2,791</u>	<u>3,870</u>	<u>3,870</u>
	<u><u>2,791</u></u>	<u><u>2,791</u></u>	<u><u>3,870</u></u>	<u><u>3,870</u></u>
Authorised	2023		2022	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	35,320	35,320	18,586	18,586
Other	2,274	2,274	121	121
	<u>37,594</u>	<u>37,594</u>	<u>18,707</u>	<u>18,707</u>
	<u><u>37,594</u></u>	<u><u>37,594</u></u>	<u><u>18,707</u></u>	<u><u>18,707</u></u>

The authorised land and buildings figure refers to capital project works at LSHTM's sites in London (£34,593k), Gambia research unit (£648k) and Uganda research unit (£79k).

The above commitments will be funded from retained cash reserves and funding body capital grants.

25. Lease obligations

Total rentals payable under operating leases:

Property	2023		Total	2022
	£'000	Plant and machinery £'000		£'000
Payable during the year	<u>173</u>	<u>13</u>	<u>186</u>	<u>518</u>
Future minimum lease payments due:				
Not later than 1 year	173	13	186	385
Later than 1 year and not later than 5 years	<u>480</u>	<u>10</u>	<u>490</u>	<u>766</u>
Total lease payments due	<u><u>653</u></u>	<u><u>23</u></u>	<u><u>676</u></u>	<u><u>1,151</u></u>

26. 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.

Notes to the Financial Statements (continued)

26. Pensions (continued)

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

The major assumptions used to calculate the obligation are:

	2023	2022
Discount rate	5.52%	3.31%
Salary growth p.a.	Reducing from 6% to 3% from year 14	4% for two years reducing to 3% after year 5
Staff membership growth p.a.	0.5%	0.5%

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 £14,253k (2022: £13,455k). 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 £4,374k (2022: £4,060k).

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)

26. Pensions (continued)

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

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

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.

At 31 March 2023, the LSHTM had 1,439 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 2023	Approximate impact
0.5% p.a. decrease in discount rate	Increased provision of £2,247k
0.5% p.a. increase in salary inflation - over duration	Increased provision of £2,255k
0.5% increase in salary inflation - year 1 only	Increased provision of £282k
0.5% increase in staff changes - over duration	Increased provision of £2,208k
0.5% increase in staff changes – year 1 only	Increased provision of £288k
1.0% increase in deficit contributions from April 2024	Increased provision of £9,062k

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)

26. Pensions (continued)

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

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. During 2022/23, employer contributions totalled £1,519k (21/22:

At 31 March 2023, LSHTM had 251 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 2023, LSHTM had 20 active members contributing to the Scheme.

The contribution rates payable by LSHTM was 14.38% of pensionable salaries totalling £658k (21/22: £627k) of employer contributions.

d) Medical Research Council (MRC)

At 31 March 2023, LSHTM had 76 active members participating in the Scheme.

The contribution rate payable by LSHTM during the year was 15.9% of the pensionable salaries totalling £188k (21/22: £199k) of employer contributions.

e) Pension costs for the year

The pension costs for all four schemes, which were charged to the Statement of Consolidated Income, were £17,266k (2022: £16,228k).

The movement in the provision in the pension deficit recovery plan for the USS schemes totalled a £7,029k decrease (2022: £36,497k increase).

Notes to the Financial Statements (continued)

27. Related party transactions

It is inevitable that LSHTM will engage in transactions with organisations in which a member of Council may have an interest due to the nature of LSHTM's activities and Council's constitution (being comprised of individuals from global public and private sector organisations). All transactions involving an organisation in which a member of Council may have an interest are conducted at arm's length and in accordance with LSHTM's financial regulations and normal procurement procedures.

There have been no transactions with companies that meet the definition of a related party under FRS102.

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.

Notes to the Financial Statements (continued)

28. 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		2023		2022	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets without donor restrictions	I&E unrestricted reserves	-	150,011	-	144,475
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets with donor restrictions	I&E restricted reserves	-	26,974	-	27,415
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	254,480	-	256,743	-
Balance sheet, Note - Fixed assets	Statement of Financial Position - Property, plant and equipment - pre-implementation	Fixed assets	-	202,540	-	198,323
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	-	49,986	-	22,902
Note - Fixed assets	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Assets in course of construction additions	-	1,954	-	35,518
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	-	-	-	-
Note - lease obligations	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	Finance lease asset	-	-	-	-

Reference	Statement of Financial Position		2023		2022	
			£'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	-	551	-	773
Balance sheet, Note - Provisions	Statement of Financial Position - Post-employment and pension liabilities	Pension provision	-	59,835	-	64,722
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	11,982	-	12,697	-
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	-	11,350	-	12,697
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		2023		2022	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Perpetual Funds	I&E restricted reserves	-	26,974	-	27,415
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	-	283,218	-	291,273
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	-	(13,052)	-	2,376
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	-	(2,555)	-	1,514
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	-	150,011	-	144,475
Balance sheet, Statement of changes in reserves	Statement of Financial Position - total Net assets with donor restrictions	Restricted reserves	-	26,974	-	27,415
Balance sheet	Statement of Financial Position - Goodwill	Intangible assets	-	551	-	773
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		2023		2022	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Total Assets	Total Assets	-	438,995	-	435,845
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	-	551	-	773
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	-	5,537	-	(32,344)
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	-	275,267	-	261,049

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