

Financial Statements 2020/21

LONDON
SCHOOL *of*
HYGIENE
& TROPICAL
MEDICINE



COUNCIL MEMBERSHIP

EXTERNAL MEMBERS

	Appointed Until
Mr Don Robert - Chairman	01 March 2023
Mr John O'Donnell, BA LLB LLM - Deputy Chair	31 July 2022
Mr Hitesh Patel	30 September 2022
Ms Angela Darlington	31 July 2023
Dr Precious Lunga PhD	31 July 2023
Mr Mohamed Osman	31 July 2023
Professor Mike Turner	31 July 2023
Dr Annalisa Jenkins, MBBS, FRCP	31 July 2024
Ms Diana Layfield	31 July 2024
Dame Una O'Brien	31 July 2024

ELECTED MEMBERS OF STAFF

Ms Gemma Donaldson, MA (Cantab)	15 January 2021 (resigned)
Professor Nicholas Mays	31 July 2021
Dr Mishal Khan MA (Cantab) MSc PhD (appointed 25 August 2020)	31 July 2023
Dr Effua Usuf (appointed 02 September 2020)	31 July 2023
Mr Sunil Sharma (appointed 18 January 2021)	18 January 2024
Dr Kevin Tetteh, BSc PhD (appointed 01 August 2021)	31 July 2024

DIRECTOR AND HANDA PROFESSOR OF GLOBAL HEALTH

Professor Baron Peter Piot, PhD DTM, FRCP FMedSci (until 31 July 2021)	<i>ex officio</i>
Professor Liam Smeeth MBChB FRCGP FFPH FRCP MSc PhD FMedSci (appointed 01 August 2021)	<i>ex officio</i>

CHAIR OF THE STUDENTS' REPRESENTATIVE COUNCIL

Pablo Ruiz Cuenca (appointed 01 October 2019)	<i>ex officio</i>
Oluwagbemileke Bolajoko (appointed 11 November 2020)	<i>ex officio</i>

SECRETARY TO THE COUNCIL

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

DEPUTY DIRECTOR AND PROVOST

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

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

Bankers: National Westminster Bank Plc
Bloomsbury Parr's Branch
PO Box 158
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London WC1V 7BX

Lawyers: Mills & Reeve
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External Auditors: BDO LLP
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Beehive Ring Road
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Internal Auditors: PricewaterhouseCoopers LLP
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London WC2N 6RH

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

Financial Statements for the Year Ended 31 July 2021

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Treasurer's Report

This report gives an overview of the London School of Hygiene & Tropical Medicine's (hereafter "LSHTM") activities and finances during 2020-21. 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.

Since the 1990s there has been an unprecedented improvement in the human condition and advances in medicine have saved tens of millions of lives. LSHTM has made a significant contribution to solving some of the world's most intractable public health problems and recognises the hard problems that still need to be solved. The Mission of LSHTM is more relevant than ever when the fight against poverty and disease may be on the verge of stalling. The Gates Foundation has clearly identified that to continue improving the human condition, the Global community must help create opportunities in Africa's fastest-growing, poorest countries by investing in young people and in particular investing in their health and education. Few institutions are as well placed or as deeply committed as LSHTM to contribute to improving public health in Africa and throughout the world.

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 Office for Students (OfS) for research, teaching and knowledge exchange. LSHTM is required to submit a series of financial, data and accountability returns to Research England and the OfS as part of the regulatory framework established by both bodies.

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

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

Treasurer's Report (continued)

Strategic Plan 2017-2022

Our Strategic Plan sets out how LSHTM will address global and public health challenges, through five main themes:

- High-quality, relevant research;
- High-quality education;
- Talented, diverse & inclusive staff and student community;
- Strong partnerships, and;
- Innovation and engagement.

The Strategic Plan sets out key objectives under each theme, including:

- To maintain critical mass in priority research areas;
- To ensure research outputs are relevant, influential and of the highest quality;
- To deliver a portfolio of original, inclusive, research-led Master's and Doctoral degree programmes;
- To provide an engaging learning experience, using appropriate technologies;
- To foster a thriving, inclusive staff and student community;
- To recruit, develop and retain outstanding and diverse researchers and educators;
- To review current and establishing new strategic partnerships in both research and education;
- To maximise the benefits of affiliation with the Gambia and Uganda Medical Research Council (MRC) Units;
- To connect more with policy and practice communities, and with the public, as well as supporting LSHTM's Research Centres in their communications and engagement activities, and;
- To support staff with proactive, high-quality consultancy and technology transfer.

Full details of our plan are available at: https://www.lshtm.ac.uk/files/LSHTM_strategy_2017-22.pdf

LSHTM has commenced development of a new Strategic Plan, which will set out our longer-term vision for the next decade.

Development and performance in the year against key strategies

COVID-19 has continued to impact many organisations, including LSHTM over the last year. For LSHTM, these have been most noticeable to our students, who have had their education delivered remotely; our staff, who have had to adapt to new ways of working and the limitations of being remote from their colleagues and key contacts; and our partners who have lived with the uncertainty of local COVID impacts and restrictions and the security of funding their vital work around the world.

The ongoing impact of the pandemic continues to be closely monitored and appropriate mitigations put in place.

LSHTM has continued to play a significant support and scientific advisory role to the UK government and other leading governmental, health and commercial organisations globally.

Despite these challenges, LSHTM has continued to progress against key strategies and objectives. A short summary of notable examples is reported below.

Research

During the year LSHTM recruited new professors to strengthen the research areas of global health policy, health and social care policy, humanitarian public health, and epidemiology and public health. Through internal promotion it awarded professorial titles in the areas of genomics and infectious diseases, infectious disease and vaccine epidemiology, infectious disease dynamics, medical statistics, global nutrition, environmental and social epidemiology, global and UK public health, health economics, anthropology of public health, and health systems and policy.

Treasurer's Report (continued)

LSHTM's continued response to COVID-19 has included provision of expertise in epidemiological modelling, analysis of the effectiveness of measures to protect and control the transmission of the virus, assessing the impact on health systems, highlighting the impact of COVID-19 on the control of other diseases, and offering expert opinion on global public attitudes and confidence in vaccines and vaccine development.

LSHTM receives significant research funding from the UK government through the Official Development Assistance (ODA) stream. ODA funding is intended to have a direct positive impact in lower and middle income countries. ODA funding is linked to the UK's measure of Gross National Income (GNI). In early 2021, the UK government decided to reduce the amount of ODA funding from 0.7% to 0.5% of GNI. This policy decision, along with a lower GNI due to COVID, meant that significant funding cuts were proposed. This impacted both existing LSHTM research activities and also the funding available for new research. LSHTM lobbied extensively for these government decisions to be reviewed, attempting to make the UK government understand the impact of its decision, particularly on the partner organisations and populations of low and middle income countries. While some special exceptions were finally accepted, a significant number of our research projects have been impacted by reduced funding. A number of mitigations have been put in place to manage the financial impacts but the negative impacts on the health of those outside the UK unfortunately will be long-lasting.

Despite the difficult ODA situation, it has been another successful year in securing new research grant funding. The Medical Research Council (MRC) has supported our work on malaria, COVID-19, adolescent health, dengue fever, schistosomiasis, cardiovascular disease, tuberculosis, HPV vaccination and climate change. The Wellcome Trust has supported our research on pneumococcal disease, malaria, COVID-19, eye health, HIV and adolescent health. The National Institute for Health Research (NIHR) has supported our work on a school-based sexual health intervention and COVID-19. The Department of Health has supported research into COVID-19 infections in schools. The European Commission supported our research on shigella, climate change and COVID-19.

LSHTM has submitted its data and cases for the Research Excellence Framework (REF) 2021. The REF is a periodic measure of research quality and impact and we believe we have made a strong submission covering all of our eligible staff members. As well as providing an understanding of academic esteem and impact, the REF also determines core UK government research funding and so it is a process that has been carefully planned and managed. The REF results will be known in April 2022.

Education

LSHTM's education portfolio comprises 'intensive' MSc programmes, doctoral degree programmes, online MSc learning and short courses.

COVID-19 has impacted on all of these activities in differing ways and to differing degrees. Intensive MSc programmes have been predominantly delivered remotely during the last year, with the exception of students who have required hands-on practical laboratory and clinical teaching. A huge amount of work has been put in to transition learning materials and assessments into digital formats and to pivot student teaching and support using electronic media. We believe the necessary changes that have been made have maintained a high-quality learning experience for our students.

Doctoral students have been affected to differing degrees, with those needing access to laboratories or field sites typically being the most affected by COVID-19. Our doctoral students have shown great resilience and adaptability, with many working remotely, while redirecting their research efforts to minimise delays. Those unable to fully mitigate the effects of COVID-19 on their work have had access to funded extensions provided by UKRI and other funders, as well as the LSHTM endowment fund (typically up to 3 months), allowing them to complete their doctoral studies.

Unfortunately, it has been necessary to cancel many of the planned short courses during the year as it hasn't been possible to deliver these face-to-face. However, as with our intensive MSc offering, some short courses have transitioned to an online-only offering, but our income from these short courses was only around 50% of normal levels.

It has been an extremely successful year for our online MSc learning programmes, which has proven to be a strong alternative for students who may otherwise have taken a place on one of our intensive programmes. Our online learning provides a very flexible route to a Masters, where individual study modules can be selected and the credits needed to achieve a full Masters award studied over multiple years. All of our online MSc learning programmes have recruited well in excess of prior years.

Treasurer's Report (continued)

Total London based Masters and doctoral students for the year ended 31 July 2021 were 1,328 (2020: 1,279). In planning for the year, we had expected a significant reduction in students on our intensive Masters programmes, given COVID restrictions, so it is pleasing that overall recruitment exceeded the level of the previous year. 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 2021 was 3,370 (July 2020: 2,996 registrations). The attractiveness of the flexible learning offered remains strong.

LSHTM has committed to decolonising our curriculum. During the last year, eight Decolonising Facilitators were recruited and a workplan developed including devising decolonising the curriculum guidance and planning for dissemination (including case studies). An 'In Conversation' events series was facilitated. We have also engaged an external consultant who is supporting Decolonising the Curriculum Student engagement through analysis of responses to student evaluations and, focus group discussion with students. A lecture series on colonial history of LSHTM and global health was developed and launched and is being further updated for delivery to all students in Term 1 of the 2021/22 academic year.

Staff and student community

Diversity and inclusion challenges and opportunities have remained at the forefront of LSHTM's priorities over the last year, building on Council and the Executive Team commitment to become a leader in anti-racist education, research and partnerships in global health.

LSHTM has updated its [Equity, Diversity and Inclusion \(EDI\) strategy](#) with an accompanying action plan. The EDI strategy sets out LSHTM's overarching goals to promote dignity and respect, develop equitable research and education partnerships, and close staff and student diversity gaps and inequalities. A number of 'enabling pillars' have been embedded within the new EDI strategy which aim to underpin LSHTM's approach to EDI to ensure a holistic approach using an ongoing evidence-base, clear lines of accountability and which empowers staff and students to feedback and constructively challenge. An EDI programme board is being established including Executive Team sponsors against each overarching objective to ensure implementation and delivery of the action plan.

A new sub-committee of Council is providing strategic direction, oversight and governance for diversity and inclusion matters and has engaged an independent third party to undertake a review of racial inequality at LSHTM.

LSHTM's staff and student community have been kept up to date with the required changes needed to respond to COVID restrictions, through clear and regular communications and held all-staff Q&A sessions, led by members of the leadership team, which have allowed groups to plan as effectively as possible within a dynamic and uncertain environment.

LSHTM has recognised the negative impact on wellbeing caused by working and studying remotely. In November 2020, we introduced an Employee Assistance Programme (EAP) which offers a range of wellbeing support and services (including confidential counselling) for staff and their immediate family members.

For our students we adapted all Student Support Services to be delivered remotely (including counselling, advice and Careers). LSHTM also tripled the Hardship Fund to support students impacted financially by increased costs and inability to work during the pandemic.

In May 2021, LSHTM carried out a staff survey focused on 'New Ways of Working' which was completed by over 70% of our staff. The findings from this survey will help inform and shape LSHTM's future ways of working, including a Hybrid Working Framework.

Treasurer's Report (continued)

Partnerships

We continued to strengthen our collaborative relationships in Africa by running a second call of our African partnership grants scheme, funded through our Wellcome Institutional Strategic Support Fund. Three proposals were awarded funding to support collaborative activity with our MRC Units and key partners in Africa.

The China Medical Board (CMB) awarded a grant of US\$950,000 to LSHTM to run a Global Health Leadership Development Programme for Chinese health professionals. Scholars will undertake training at both LSHTM and a partner institution in a low or middle income country and thus foster new multilateral institutional relationships.

Our partnership with Hong Kong University (HKU) was strengthened with the launch of a major new project to create a "Laboratory of Data Discovery for Health (D24H)" in Hong Kong; the project is led by HKU and LSHTM researchers are Co-PIs on two of its five programmes. We made a new parallel appointment with the National University of Singapore, with the aim of strengthening collaboration in the area of comparative health systems.

LSHTM joined the *European Global Health Research Institutes Network (EGHRIN)*, a new network of leading research institutions in Europe with a shared aim of promoting and advocating for Global Health research and innovation. We also started to explore a new partnership with the Institute of Tropical Medicine, Antwerp, with opportunities for collaboration in biomedical sciences, clinical sciences and public health.

We became one of the first academic partners of the International Digital Health & AI Research Collaborative (I-DAIR), a new global platform aiming to enable inclusive, impactful, and responsible research into digital health and Artificial Intelligence for health.

LSHTM's new EDI Strategy includes a commitment to develop more equitable research and educational partnerships. A number of groups across LSHTM have already started to consider current and future best practice in this area and their work will be further developed through the creation of a formal School working group on equitable partnerships in the coming academic year.

Innovation and engagement

During 2021, we have continued to explore, enable and embed innovation across our activities to address the ongoing global health challenges of infectious and chronic conditions and the emerging challenges presented by the COVID-19 pandemic.

LSHTM strengthened the innovation skills development pipeline through our MSc and doctoral training programmes. This included completing the first year of the HDR UK funded new health data science master's programme, to address the skills shortage in data science in the UK. The London Intercollegiate Doctoral Training Partnership programme led by LSHTM in partnership with St George's University of London was awarded further programme funding from MRC. The award from 2022 onwards will fund six doctoral students a year for at least three years under the themes of global health, health data science, infectious disease and translational and implementation research. Embedded within the doctoral degree programme is a three month placement to enhance cross sector engagement. Mobility of current MRC doctoral students is supported by new placement opportunities in venture builders, digital health initiatives and a medical charity.

During our annual LSHTM Week, a third Dragon's Den-style innovation funding competition provided opportunities for students and staff to pitch for seed funding to address global challenges. One budding innovator was awarded funding to address the burden of neglected tropical diseases through improved diagnosis in low resource settings.

Innovation capability strengthening continued for our research staff through our Wellcome Institutional Translation Partnership Award (TPA) which provided seed funding, bespoke training opportunities and expert in residence advice on the drug discovery pipeline. The impact of this award was recognised by Wellcome, who renewed the programme for a further year to support additional translational seed funding, facilitation, training, and a new cross sector mobility initiative. Wellcome funding also supported biomedical resource capacity development through an innovative human malaria parasite transmission facility to empower this scientific community.

Treasurer's Report (continued)

Local and regional innovation and knowledge exchange partnerships have also been enhanced during the past year. This includes a successful application for AHSC designation for UCL Partners / Academic Health Science Centre in 2020, to accelerate translation of research and innovation into practice. The Bloomsbury SET: A London-Liverpool knowledge exchange programme led by the Royal Veterinary College (RVC), and bringing together RVC, LSHTM, SOAS and the Liverpool School of Tropical Medicine (LSTM) was awarded £1.9m funding from Research England. Beginning in July 2021, the year-long project will help commercialise research into infectious disease and antimicrobial resistance. This builds on the work of the Bloomsbury SET (2018-2021) through the addition of a new partner, the Infection Innovation Consortium (iiCON), led by LSTM. Translational research funding was also provided to projects on malaria, tuberculosis and vaccine development through MRC Confidence in Concept Awards delivered by the Tropical Infectious Disease Consortium (TIDC). TIDC is a strategic partnership between LSTM, LSHTM, Public Health England and the Jenner Institute, Oxford.

We initiated and strengthened partnerships with cross sector stakeholders including the Reckitt Global Hygiene Institute (RGHI), Johnson & Johnson (J&J) and Unilever. LSHTM now hosts the inaugural J&J Center for Global Health Discovery (J&J CGHD) with a focus on tuberculosis. This is the first in a new network of unique research partnerships between J & J and leading academic institutions to accelerate research into major global health challenges. Together with the UK Government and Unilever, LSHTM continues with work to reach a billion people in a global handwashing campaign to combat COVID-19. Working with a breadth of stakeholders, the Vaccine Confidence Project™ (VCP) is addressing the mistrust, and disinformation around vaccination. A recent significant grant from the MacArthur Foundation to the Vaccine Confidence programme for its work to identify levers of trust, and to understand the crucial role confidence and cooperation plays in the recovery from COVID-19 pandemic is catalysing projects in Nigeria and India. LSHTM's mission led approach to innovation and engagement was recognised in the results of the first Knowledge Exchange Framework where we placed in the top 10% within our STEM cluster for 'Research partnerships' and 'Working with the public and third sector' categories.

Our spinouts have continued to transform our ideas and specialist knowledge into innovative products and services. In 2020, the emerging spinout ArkVax, which pioneers an innovative bacterial glycoengineering platform, successfully competed for 5 months support from the Accelerate@Babraham Start-up Programme.

A new initiative, Arctech Innovation, brings together two LSHTM spinouts; the Arthropod Control Product Test Centre (ARCTEC) and Vecotech, in order to improve global health through the development of new products to tackle diseases like malaria and COVID-19. The merger will enable the growth of Vecotech's existing innovation platform, which exploits the powerful odour detection capabilities of insects to develop disruptive public health products underpinned by the unique in-house product evaluation and clinical capabilities of ARCTEC. The new company aims to be a world-leading innovation centre for breakthrough research, evaluation and commercialisation of new, game-changing products.

LSHTM experts have provided frequent commentary in the news media in response to COVID-19, working to swiftly communicate the latest science directly to the public, and acting fast to address myths or misinformation that could cause damage to public health. This resulted in more than 126,000 pieces of global media coverage between in 2020-21.

Other emerging themes

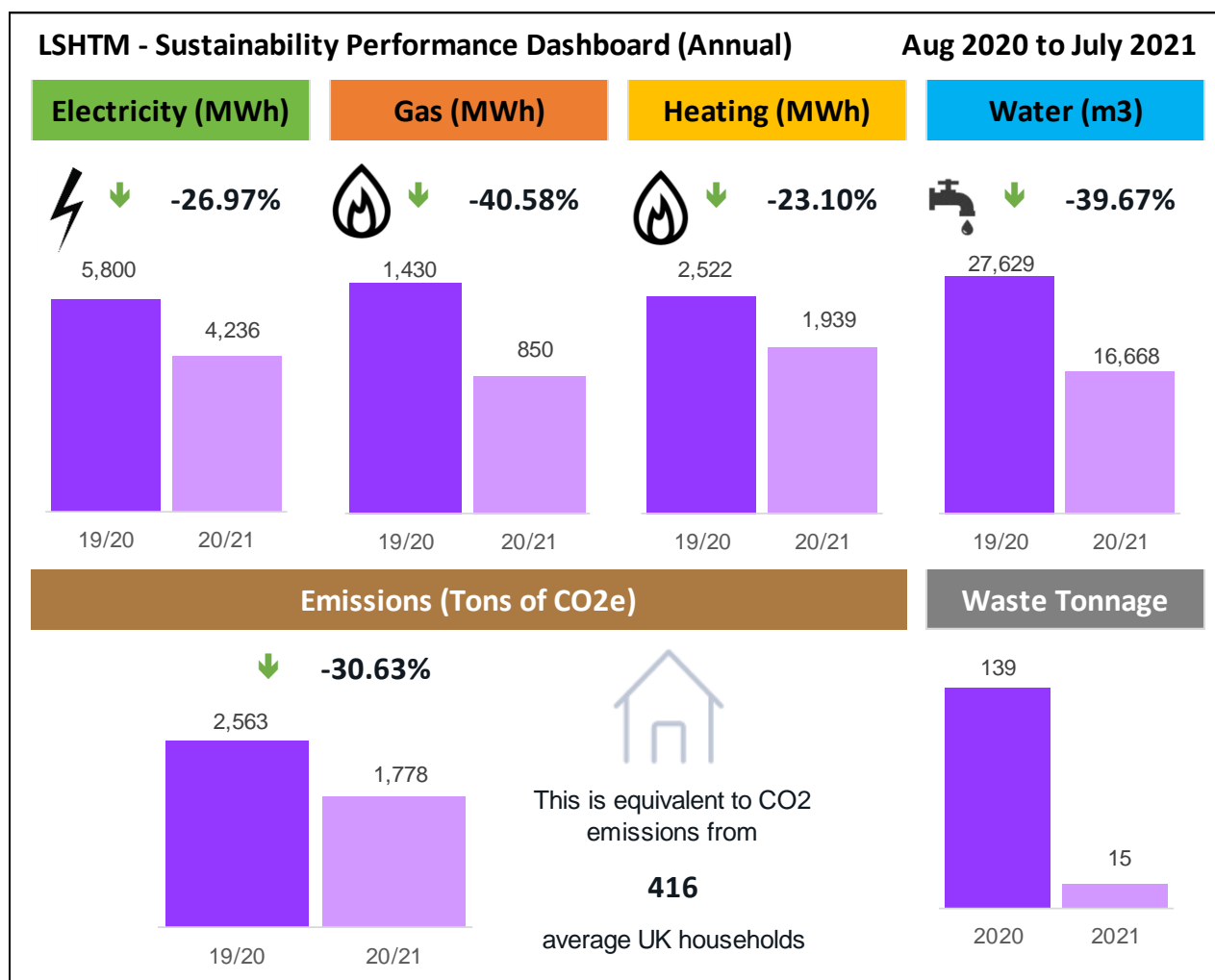
LSHTM is committed to the environmental sustainability of its operations and activities and is guided in this objective by its Energy and Carbon Management Plan (ECMP). A key target of this plan is to achieve carbon neutrality by 2030.

The ECMP tackles the full range of environmentally impacting activities which produce carbon emissions. This includes – Scope 1 and 2 emissions (from burning gas, fuels and electricity), and Scope 3 emissions (from travel, procurement, waste, water and catering).

The graphic below represents LSHTM's environmental sustainability performance over the last year, demonstrating further reductions in annual emissions of CO₂. There has been reduced activity in our London operations during the year, due to COVID restrictions and these have had an influence on the figures. However, the measures that have been put in place mean we are unlikely to return to pre-COVID levels of consumption and emissions, even once our buildings are fully operational again.

Treasurer's Report (continued)

Furthermore, in November 2020 LSHTM received £1.2M funding from Salix to carry out various infrastructure improvement and heat decarbonisation planning. As such a heat decarbonisation plan has been produced which sets out pathways for heating solutions with lower carbon emissions over the next 10 years.



Emissions figures include Bloomsbury Heat and Power which provides heat to LSHTM as a by-product of power generation

Key performance indicators

In order to measure performance and progress against the objectives in the Strategic Plan 2017-2022, 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 2020-21 has been another successful year for LSHTM.

We have made improvements against our KPIs, particularly in:

- *Research impact.* In the ShanghaiRanking's Global Ranking of Academic Subjects 2020 we placed 3rd in the world for public health and 1st in the UK.
- *Recovery of research indirect costs.* The absolute recovery of research indirect costs in 2020-21 was £14.0 million, compared to £13.6 million in 2019-20. As a relative measure to direct research expenditure (excluding collaborator payments), 2020-21 research indirect cost recovery was 21.0%, compared to 21.3% in 2019-20. COVID-19 disruption has impacted on a number of research projects and has slowed the rate of indirect cost recovery, particularly for some clinical trials.
- *Fundraising and philanthropic support.* Newly secured funds in the year were just under £14 million, sustaining the upward trend of recent years (£12m in the previous year).
- *Overall financial health, including net liquidity measures.* Our surplus for 2020-21, after adjusting for the impact of exceptional items (as set out in the table on the following page), has increased, and our liquidity days have also strengthened, despite capital investments made in the year and some disruption caused by COVID-19 (see below for further detail of these investments).
- *Diversity and inclusivity.* LSHTM is ranked the UK's top university for the proportion of academic research with women listed as authors (2020 CWTS Leiden Ranking).

Treasurer's Report (continued)

LSHTM measures overall student satisfaction by the results of the Post Graduate Taught Experience Survey (PTES) and Post Graduate Research Experience Survey (PRES). For the 2021 PTES our results have been influenced by the challenging period of the COVID pandemic and the necessary adaptations to our education delivery. LSHTM's overall satisfaction score reduced from 91% in 2020 to 81% in 2021. While this is a significant fall, LSHTM remains above the sector average of 76%. All sections of the survey demonstrated falling scores for LSHTM this year, with particular change for the Resources and Organisation sections. Further analysis is being done to fully understand these changes and make adaptations to minimise any further change.

The PRES was last undertaken in 2020. Our overall satisfaction score was 79% (78% in the previous survey). This compares to a sector average of 80%. Compared to the sector, LSHTM outperformed in five of the seven main sections. We recognise that there is more we need to do in regard to progression and professional development of our doctoral students and this is being progressed by our Doctoral College.

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 have increased the proportion of space in condition A or condition B by 10%, but LSHTM remains at a relatively low level against this metric. The further improvement works taking place at both Keppel Street and Tavistock Place sites will lead to further increases against this space condition metric.

Financial performance in the year

These financial statements report the results of LSHTM's activities for the year ended 31 July 2021 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.

	2021 £m	2020 £m
Income	244.2	242.9
Expenditure	<u>(235.2)</u>	<u>(219.8)</u>
Surplus before other gains and losses	9.0	23.1
Non-operating gains and losses	<u>5.7</u>	<u>8.4</u>
Total comprehensive income	<u>14.7</u>	<u>31.5</u>
Net operating cash inflow	38.7	28.2
Cash and short-term investments	136.8	108.3

LSHTM's consolidated surplus before other gains and losses for the year decreased from a surplus of £23.1m to a surplus of £9.0m on income of £244.2m (2020: £242.9m), a net surplus margin of 3.7% (2020: 9.5%). The 2021 and 2020 results are materially impacted by a change in the provision related to the USS pension scheme deficit (see Note 27 for further details). Removing this item results in an adjusted surplus of:

	2021 £m	2020 £m
Surplus before other gains and losses	9.0	23.1
Remove impact of change in pension provision	<u>(0.5)</u>	<u>(18.4)</u>
Adjusted surplus	8.5	4.7
Adjusted surplus as % of income	3.5%	1.9%

The adjusted surplus for 2021 is better than was budgeted, reflecting UK government short-term COVID support funding and student recruitment above prudent budget expectation. The result is more in line with the forecast financial performance modelled prior to the COVID pandemic.

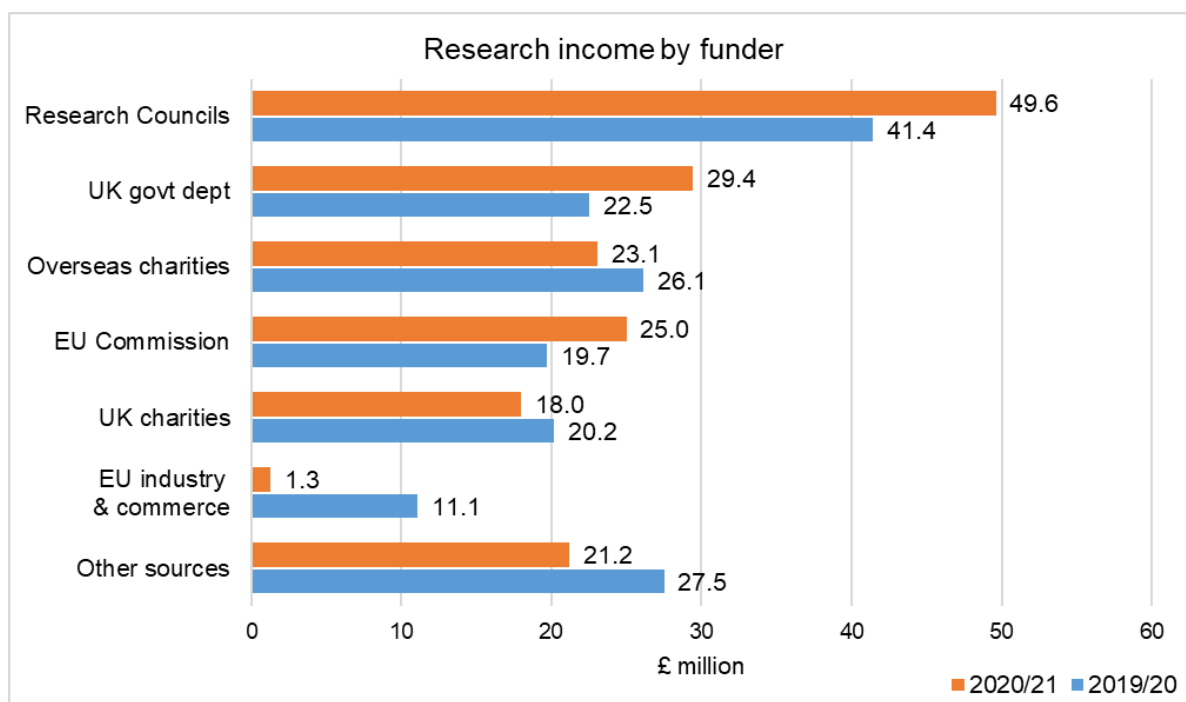
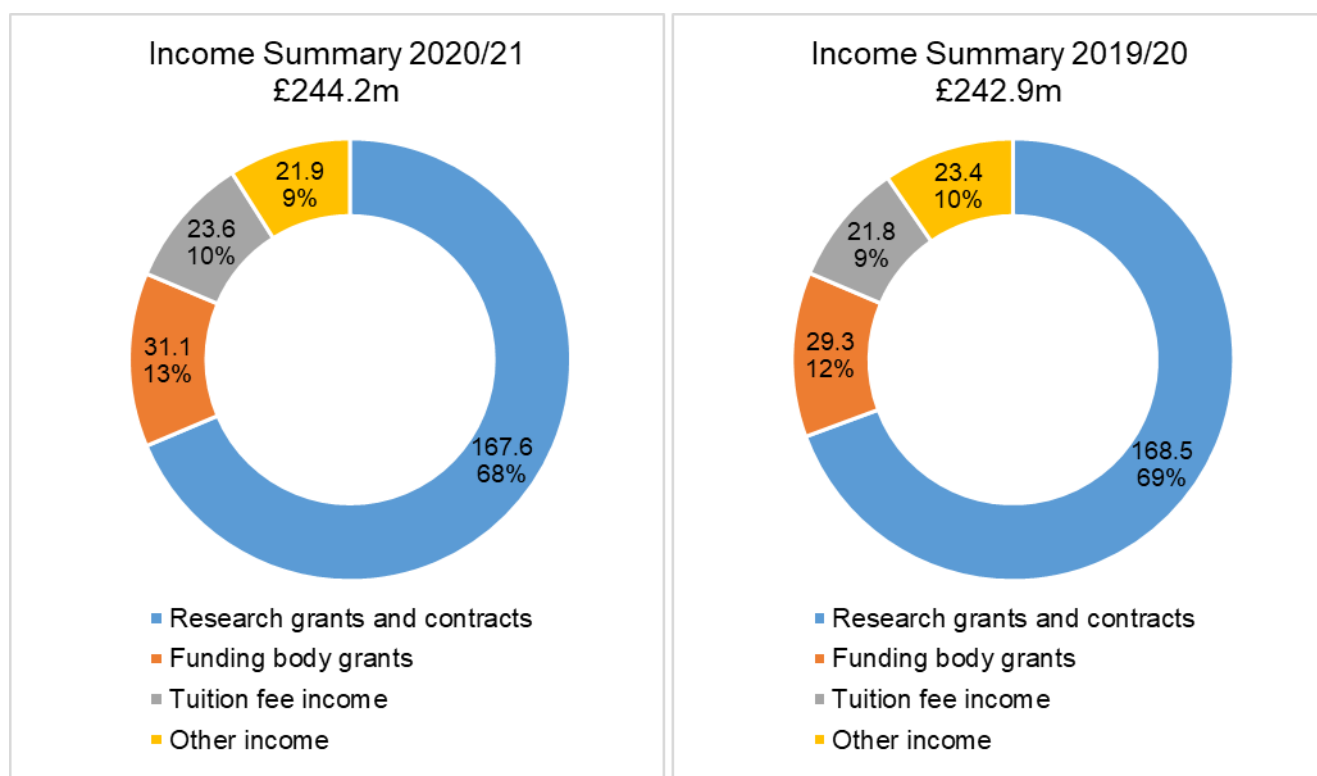
Treasurer's Report (continued)

Income

LSHTM's income increased from £242.9m to £244.2m, equivalent to 0.5%. The main elements of the change in income are:

- Higher funding body grants, £1.8m, associated with additional short-term COVID support funding from Research England;
- Higher tuition fees, £1.8m, due to strong recruitment to distance learning programmes;
- Lower research grants and contracts, (£0.8m), and;
- Lower donations and endowments income (£1.3m).

Within the Research Grants and Contracts income stream, LSHTM has accounted for "in kind contribution" to the value of £1.3m (2020: £10.3m) associated with the Janssen Vaccines & Prevention B.V. (part of Janssen Pharmaceuticals) contribution to the Innovative Medicines Initiative (IMI) sponsored Ebola eradication programmes (EBOVAC1, EBOVAC2, EBOVAC3 and EBODAC).



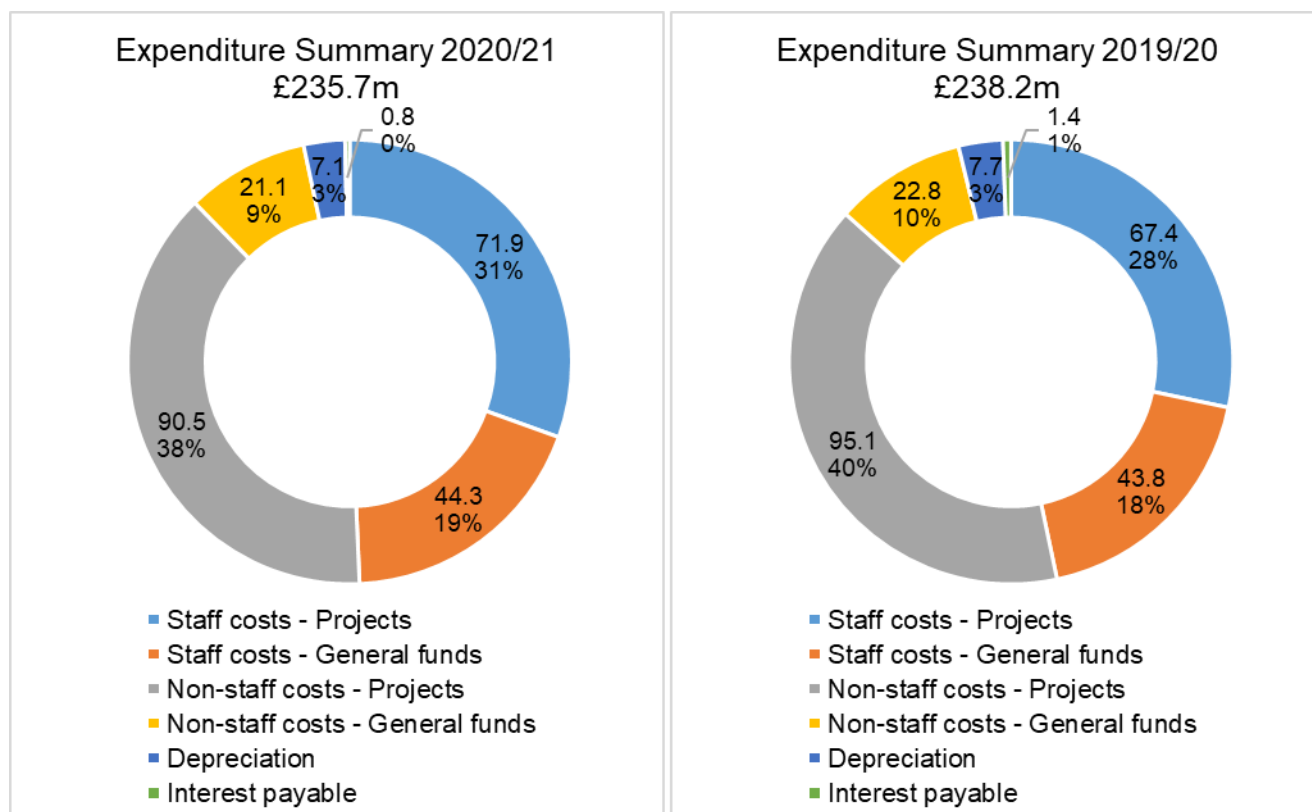
Treasurer's Report (continued)

Operating Expenditure

Total operating expenditure increased from £219.8m to £235.2m. The main elements of the change in operating expenditure are:

- The change in pension provision release, from £18.4m to £0.5m, so a movement of £17.9m;
- Lower general staff and other operating costs of (£1.1m), and;
- Lower depreciation charge of (£0.6m).

Operating expenditure breakdowns (excluding pension provision movement)



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

Expenditure per chart	238.2
Pension provision	<u>(18.4)</u>
Total expenditure	219.8

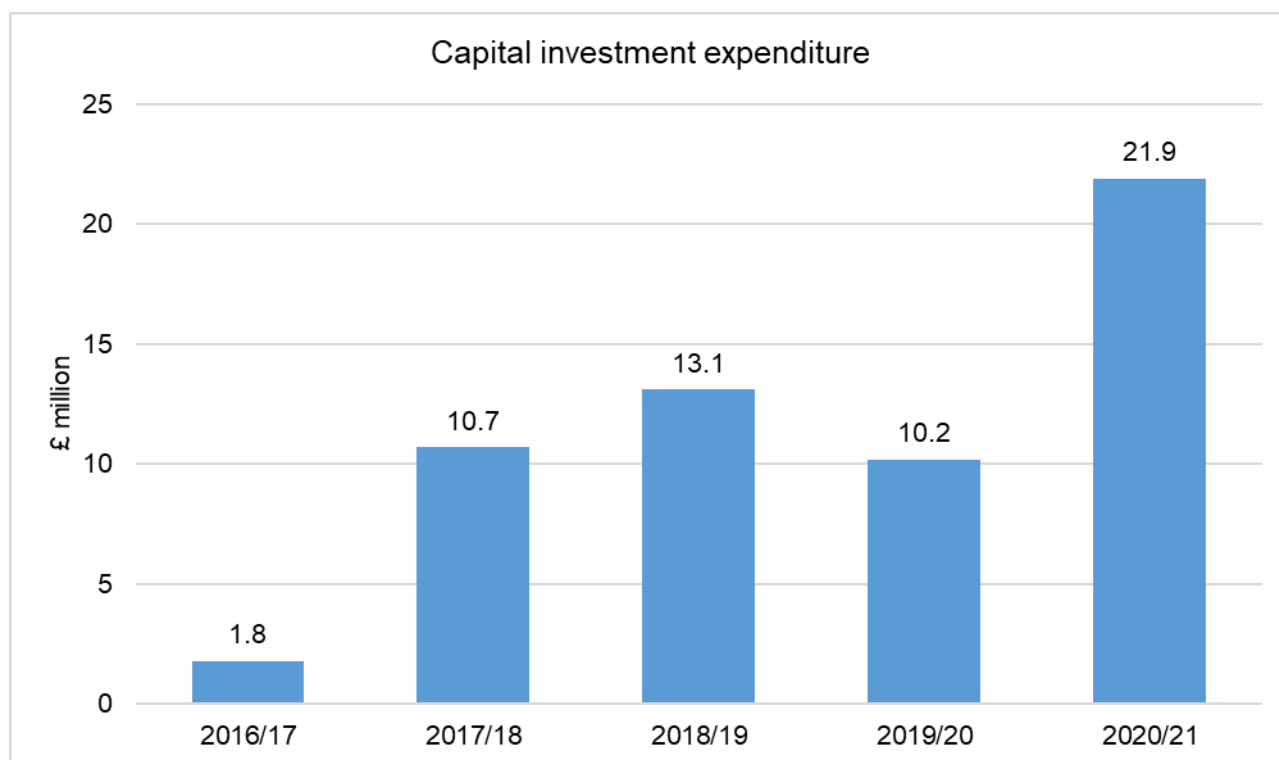
Treasurer's Report (continued)

Capital investment expenditure

Capital investment expenditure for the year was £21.9m (2020: £10.2m). Of this total, the largest components were the second phase of refurbishment of the Keppel Street site and works at the Tavistock Place site to construct a new building.

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.



Treasurer's Report (continued)

Cash flow, financing and balance sheet

During the year LSHTM generated net cash inflows from operating activities of £38.7m (2020: £28.2m inflow). These inflows were used to:

- service loan repayments of £1.2m (2020: £1.2m); and
- invest in capital expenditure (net of capital grants) of £9.1m (2020: £3.7m).

In addition, there was a net inflow of £4.2m (2020: £3.0m) from endowments, deposits made and investment income.

The overall net change in cash for the year was an increase of £28.5m (2020: £26.3m increase). The cash flow for the year was influenced by strong receipts for research project funding.

Cash and cash equivalents at the year-end were £136.8m, representing 218.4 days of operating expenditure (excluding pension provision movement and depreciation). Of this total cash, £65.5m 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 £1.2m (2020: £1.2m). There were no changes in the year to LSHTM's financing strategy.

Total net assets increased from £189.8m to £204.5m. This increase was principally driven by increases in cash and fixed asset values.

Debtors increased by £7.4m in the year. This was due to increases in research grant expenditures recoverable.

Creditors due within one year increased by £36.7m in the year. The increase was mainly due to higher research funding received in advance and deferred capital grants.

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 company, Chariot Innovations Limited, 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 unrestricted income and expenditure reserve remains healthy. The financial statements are prepared in accordance with accounting standards on an accruals basis, so therefore the reserves do not provide an appropriate measure of liquidity. A significant proportion of LSHTM's cash balance is ringfenced as it is research income received in advance. The minimum liquidity for non-research cash agreed by LSHTM's Council is 50 days of expenditure. At the year-end, non-research cash days of expenditure were 119 days. In addition, LSHTM is holding £27.7m of endowment and donations reserves, which are used to directly support LSHTM's research work in numerous areas and financial support to LSHTM's students.

Pensions

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

The Joint Negotiating Committee of the USS have supported a set of proposals to amend the scheme in order to complete the 2020 valuation. For contributing employers, the main changes are measures that enhance the scheme covenant, including new monitoring of employer borrowings and additional considerations that protect the scheme in the event an employer takes on additional secured borrowings. For scheme members, three key benefit reforms are proposed: a reduction in the accrual rate from 1/75th to 1/85th; a reduction in the cap on contributions allocated to the defined benefit section of the scheme (from £58,883 to £40,000); and a cap in inflationary pension increases of 2.5%. The impact of these proposals is a small increase in total contributions, from 30.7% to 31.2%. The revised contribution rates apply from 1 October 2021.

Treasurer's Report (continued)

A new deficit recovery plan is also proposed as part of concluding the valuation, which will be for 16 years, from 1 April 2022 to 31 March 2038. The previous recovery plan period, from the 2018 valuation, was for 10 years, to 31 March 2028.

LSHTM's notional share of the current USS scheme deficit has been calculated based on the deficit recovery plan agreed as part of the 2018 valuation. The calculation of this provision is subject to a number of assumptions, which are explained further in Note 27.

LSHTM also participates in 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 have been agreed to increase employer contributions in two stages (April 2022 and January 2023). New SAUL members from early 2023 will join a Defined Contribution feeder scheme for the first three years of their membership. The additional employer contributions to SAUL will not be material to LSHTM's overall financial position.

Future Prospects

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

The COVID-19 global pandemic has resulted in both challenges and opportunities for LSHTM, and will continue to do so in future years.

As with the majority of the UK higher education sector, COVID-19 has impacted on student recruitment, but the negative financial effect has not been as material as was expected. For 2021-22, LSHTM's face-to-face student recruitment is likely not to meet our targets and will be lower than in previous years. However, within this decrease, there are more overseas students and fewer UK students and so this will have an overall impact in mitigating some of the reduction in tuition fee income. Students on the online learning Master's programmes remain strong.

The pipeline of funded research activities remains strong, with success in securing new awards being maintained. Many of LSHTM's key research funders have committed to providing additional funding for in-flight projects disrupted by COVID-19. The global nature of LSHTM's research activities and the disparity of impacts of COVID-19 in the LSHTM's areas of work means that a level of disruption may persist for a number of years to come.

The response of major funders, including the UK government, is being closely monitored and there remains uncertainty over the quantum of future funding available to distribute. LSHTM continues to deliver high-quality research outputs and still expects to be successful in attracting further new funding.

LSHTM remains fully engaged in contributing to the global climate crisis. This takes two forms: through our research into the health impacts of climate change; and our commitment as an organisation to become carbon neutral by 2030. In regard to health research, in 2019 we launched the Centre for Climate Change & Planetary Health to find new ways to keep people healthy without making the planet ill. The Centre works to prepare governments, academia, health systems and citizens for a new era of public health. The scale of challenge to the future health of communities around the world is only just beginning to be understood and we therefore expect that this will be a critical area of future research funding. Within LSHTM, we have made good progress in reducing our scope 1 and scope 2 carbon emissions, as noted above. We continue to focus on further reductions, including in scope 3 emissions and in exploring innovative offsetting opportunities for any residual emissions, to ensure we are moving at a speed which is ahead of formal international carbon reduction targets. We have committed financial resources in support of both of these aspects to ensure we achieve our objectives and our contribution as an environmentally aware and responsible organisation.

COVID-19 has enabled LSHTM the opportunity to reach new audiences, supporters and funders. A major fundraising campaign has commenced in support of our strategic research and education objectives, with a significant focus on funding for the capital investment programme.

Cost pressure increases remain evident, particularly in relation to staff costs from pay awards, the new Health and Social Care tax in the UK and pension contribution increases. These increases have been fully factored into our financial forecasts and we are progressing opportunities to become more efficient and to further enhance the indirect cost recoveries from research funders, within their funding terms. A programme of investment and review in specific areas has commenced, in order to better ensure LSHTM's academic, operational and financial sustainability. LSHTM's financial forecasts anticipate a small operating surplus in 2021-22. Our forecast liquidity remains strong enough to allow progression of the major capital investments at the Tavistock Place and Keppel Street sites.

Treasurer's Report (continued)

Financing, treasury and liquidity

In order to continue to produce world-leading research outcomes and impacts and high-quality teaching, 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 are also extending the Tavistock Place site, which is planned to be operational from early 2023, followed by a full refurbishment of the existing building on this site. These material investments are expected to be funded through a combination of LSHTM's cash reserves, Funding Body capital grants and donations.

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

Risk Management and Principal Risks and Uncertainties

The risk management process

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

Principal risks and uncertainties

LSHTM's risk registers considers 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. Risks and mitigations in all of these aspects are influenced by the short and longer-term impacts of COVID-19.

In regard to research, the main risks relate to LSHTM's ability to deliver high quality research and ability to raise adequate funding. We have strong links with our major research funders and current alignment of many strategic priorities.

In education, student recruitment and delivery standards, particularly influenced by COVID-19 disruption, are key risks. As noted above, a considerable amount has been done to transition to new delivery models and ensure quality is maintained.

Financial sustainability remains a key uncertainty, although recent financial performance and the progress being made on resolving the USS pension valuation, with limited increases in employer contributions has helped to reduce the severity of this risk for the immediate future.

Cyber attacks remain a key risk given LSHTM's prominence in the Covid response. Phishing awareness campaigns and training have been rolled out along with continued improvements to the hardware and software systems.

The negative impact of COVID-19 on staff and student mental health and effectively changing to new ways of working are the principal risks in regard to LSHTM's people and culture. LSHTM has taken a supportive and flexible approach to addressing these issues over the last year and will continue to ensure wide engagement on proposed future change proposals.

In terms of compliance, there are specific operational risks in regard to ensuring all data protection requirements are met.

Treasurer's Report (continued)

Going Concern

It is recognised that the impacts of COVID-19 have placed greater emphasis in understanding financial risks and mitigations in Council's consideration of making a positive statement that LSHTM is a going concern.

The impacts and mitigations of COVID-19 have been expressed throughout this report. In summary, LSHTM has not been immune to COVID impacts, but Council is reassured that the executive has taken appropriate steps to mitigate these impacts as far as is possible. To inform its assessment, Council has considered a number of scenarios, including those which 'stress test' the future resources of LSHTM, the responses that would need to be made under these scenarios and their likely effectiveness, and the likelihood of these scenarios becoming a reality.

After full consideration, Council considers that LSHTM has adequate resources to continue in operational existence for the foreseeable future (defined externally as a period of 12 months from the approval date of these financial statements). For this reason, the financial statements have been prepared on a going concern basis.

Public Benefit Statement

LSHTM is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. LSHTM's Council serves as our trustee and is responsible for defining our strategic aims and for directing the senior management of LSHTM 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 (2014), LSHTM was ranked in the top 10 universities in the UK in tables published by the [Times Higher Education](#), and second (after the Institute for Cancer Research) 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 include:

- 21 LSHTM staff are members of the UK Government's Scientific Advisory Group for Emergencies (SAGE) expert advisory groups and three are on the World Health Organization's new SAGE working group on COVID-19 vaccines. Experts have provided ongoing mathematical modelling, social science guidance and scenario projection for UK government strategic decisions on COVID-19 control.

Treasurer's Report (continued)

- MRC Unit The Gambia at LSHTM and MRC/UVRI & LSHTM Uganda Research Unit have been providing critical frontline support to government and continental COVID-19 responses. In Uganda this included the first Ugandan SARS-CoV-2 full genome sequencing, and secured test reagents and personal protective equipment on behalf of the WHO in support of the national testing effort. In The Gambia, our team ran the country's only COVID-19 diagnostics centre, rapidly built three facilities to increase the number of hospital beds across the country and provide crucial clinical care for COVID-19 patients, produced 3D-printed PPE and cloth face masks in collaboration with local businesses, and supported the Gambian Ministry of Health's preparations for the national COVID-19 vaccination programme.
- 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. In 2020-21 a key focus of the team's work was continuing to support countries around the world responding to COVID-19, including working with WHO Africa Region and the Africa Centres for Disease Control.
- In the Shanghai Ranking's Global Ranking of Academic Subjects 2021 we placed 3rd in public health (1st in the UK). In the [2021 CWTS Leiden Ranking](#) LSHTM is ranked the UK's top university for the proportion of academic research with women listed as authors, and we are top in the UK and 2nd in the world for publishing open access research. Our global partnerships are also recognised, with LSHTM placed 4th in Europe (1st in the UK) for the proportion of our research which includes international collaboration. In the US News Best Global Universities Ranking 2021, we ranked 3rd in the world for public, environmental & occupational health, 4th in the world for infectious diseases, 11th in the world for social sciences & public health, and 12th best University in the UK overall.
- Our world-class researchers all contribute to education programmes, and supervise masters and doctoral research projects that may align with larger staff-led research projects, relate to students' past or intended field of work, or meet the needs of host organisations. Students undertake research projects in the UK with Public Health England, NHS Trusts, private companies and charities. Many students' research projects are located overseas, often in low- or middle-income countries and in collaboration with NGOs such as MSF and Sight Savers.

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.

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 LSHTM.

I would like to take this opportunity to express my sincere thanks to Mr John O'Donnell, who has served on LSHTM's finance committees since 2011 and as LSHTM Treasurer since 2015. John has stepped down as Treasurer but remains a Council member. John's considerable skills and experience has been instrumental in guiding LSHTM successfully through a changing higher education, research and global health landscape over the last decade.

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 LSHTM quietly and with great dedication.

Approved by Council on 22 November 2021 and signed on its behalf by:

Ms Angela Darlington

Treasurer

Corporate Governance

Corporate Governance 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 2020. LSHTM's practices are consistent with the provisions of the code. In addition, LSHTM corporately, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity, which are enshrined in its Charter.

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

Constitution

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

LSHTM is a member institution of the University of London (UoL). LSHTM is included on the register of English higher education providers and complies with the ongoing conditions of registration which came into force on 01 August 2019. LSHTM continues to monitor any changes made by the OfS to its regulatory requirements in response to the Covid-19 pandemic and ensures that the relevant information is communicated to Council.

The University of London Act received Royal Assent in December 2018, following which, LSHTM, alongside other UoL colleges, has applied for University title. LSHTM proposed changes to its Charter at the same time as it submitted its application for University Title and the application is still awaiting approval by the Office for Students.

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

Summary of LSHTM's Structure of Corporate Governance

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

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 2020 and Mr John O'Donnell remains the Deputy Chair of Council.

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

Corporate Governance (continued)

Committees of Council

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

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

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

The Audit and Risk Committee meets four times each year. LSHTM's external and internal auditors are invited to attend all meetings of the Committee. The Committee considers detailed reports together with recommendations for the improvement of LSHTM's systems of control, and management's responses and implementation plans. It also considers reports from OfS and other LSHTM funders as they affect LSHTM's business, and monitors adherence with regulatory requirements. The Committee adopts a risk-based approach to internal audit planning and the internal audit work undertaken in the year ended 31 July 2021 has been governed by this approach. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee produces an annual report to Council covering all aspects of its work.

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

The Nominations Committee considers vacancies for external members on Council and its sub-committees in accordance with CUC guidance. LSHTM's members are appointed via a fair and open selection process which includes online advertisements on multiple recruiting platforms and promotion via members extensively across relevant networks. A co-opted member recruitment process was developed and approved by the Nominations Committee on 20 November 2020.

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

The Remuneration Committee is responsible for determining and reviewing the salaries, terms and conditions, and any severance payments, for the Director and senior members of staff of LSHTM. The governance arrangements concerning the remuneration for the Director and senior staff were reviewed following the publication of the CUC Higher Education Senior Staff Remuneration Code in June 2018 following which, it established the Remuneration Committee and a separate People Committee where there had previously been a joint committee.

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

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

Corporate Governance (continued)

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

The Diversity and Inclusion Committee was constituted by Council on 11 November 2020 with the purpose of holding LSHTM and the Executive Team to account to ensure that LSHTM has an integrated and proactive approach to equality, diversity and inclusion, both in meeting its public sector equality duties and in addressing diversity and inclusion issues and to provide external insight and expertise. Its primary focus has been the commissioning of an 'Independent review to address discrimination and advance anti-racism and equality at LSHTM'.

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, Statue and Ordinances and the OfS' regulatory framework.

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 process was in place for the year ended 31 July 2021 and up to the date of the approval of the Financial Statements, and accords with OfS guidance.

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

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

Corporate Governance (continued)

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

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

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

Approved by Council on 22 November 2021 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 08 September 2020.

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.

Approved by Council on 22 November 2021 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 2021 and of the Group's and the School's income and expenditure, gains and losses, changes in reserves and of the Group's and the School'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 London School of Hygiene & Tropical Medicine ("the School") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and School statement of comprehensive income, the Consolidated and School statement of changes in reserves, the Consolidated and School balance sheets, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and 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 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.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls 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.

Opinion on other matters required by the Office for Students ("OfS") and 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 and 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 the note to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the School's Council

As explained more fully in the statement of Council Members' Responsibilities statement, the Council is 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 is 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 either intends to liquidate the Group or the School or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Council and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

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

Use of our report

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

James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 31 January 2022

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 2021

	Note	2021		2020	
		Consol. £'000	LSHTM £'000	Consol. £'000	LSHTM £'000
Income					
Tuition fees and education contracts	1	23,559	23,559	21,778	21,778
Funding body grants	2	31,071	31,071	29,328	29,328
Research grants and contracts	4	167,569	167,569	168,450	168,450
Other income	5	14,108	13,418	12,873	12,084
Investment income	6	215	215	577	577
Donations and endowments	7	7,686	7,686	9,892	9,892
Total income		244,208	243,518	242,898	242,109
Expenditure					
Staff costs before pension adjustment	9	116,205	116,129	111,197	110,660
Pension adjustment	9	(510)	(508)	(18,381)	(17,968)
Total staff costs	9	115,695	115,621	92,816	92,692
Other operating expenses	10	111,608	111,288	117,911	117,675
Depreciation and amortisation	12/13	7,083	7,083	7,702	7,700
Interest and other finance costs	8	846	845	1,417	1,410
Total expenditure		235,232	234,837	219,846	219,477
Surplus before other gains, losses and share of operating deficit of joint ventures and associates		8,976	8,681	23,052	22,632
Gain/(loss) on sale of fixed assets	29	1	1	(27)	(27)
Gain/(loss) on investments		3,119	3,119	(17)	(17)
Share of operating deficit in joint venture	15	(164)	(164)	(174)	(174)
Surplus before tax		11,932	11,637	22,834	22,414
Taxation	11	-	-	-	-
Surplus for the year		11,932	11,637	22,834	22,414
Change in fair value of hedged financial instruments		563	563	(662)	(662)
Unrealised surplus on revaluation of land and buildings	13	2,219	2,117	9,364	9,201
Total comprehensive income for the year		14,714	14,317	31,536	30,953
Represented by:					
Endowment comprehensive income for the year		3,134	3,134	1,352	1,352
Restricted comprehensive income for the year		2,396	2,396	1,711	1,711
Unres. comprehensive income for the year		5,383	5,087	19,831	19,410
Unrestricted hedging reserve comprehensive income/(expenditure) for the year		563	563	(662)	(662)
Revaluation reserve comprehensive income for the year		3,238	3,137	9,304	9,142
		14,714	14,317	31,536	30,953

All items of income and expenditure relate to continuing activities.
The notes on pages 32 to 67 form part of these financial statements.

Consolidated and LSHTM Statement of Changes in Reserves for the year ended 31 July 2021

Consolidated

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted			
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	16,118	2,998	79,369	(5,916)	65,709	158,278
Surplus from the statement of comprehensive income	1,352	1,711	29,135	-	-	32,198
Change in fair value of hedged financial instruments	-	-	-	(662)	-	(662)
Transfers between reserves	-	-	(9,304)	-	9,304	-
Total comprehensive income/(expenditure) for the year	1,352	1,711	19,831	(662)	9,304	31,536
Balance at 31 July 2020	17,470	4,709	99,200	(6,578)	75,013	189,814
Surplus from the statement of comprehensive income	3,134	2,396	8,621	-	-	14,151
Change in fair value of hedged financial instruments	-	-	-	563	-	563
Transfers between reserves	-	-	(3,238)	-	3,238	-
Total comprehensive income for the year	3,134	2,396	5,383	563	3,238	14,714
Balance at 31 July 2021	20,604	7,105	104,583	(6,015)	78,251	204,528

LSHTM

	Income and expenditure account			Hedging Reserve	Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted			
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	16,118	2,998	77,648	(5,916)	65,709	156,557
Surplus from the statement of comprehensive income	1,352	1,711	28,552	-	-	31,615
Change in fair value of hedged financial instruments	-	-	-	(662)	-	(662)
Transfers between reserves	-	-	(9,142)	-	9,142	-
Total comprehensive income/(expenditure) for the year	1,352	1,711	19,410	(662)	9,142	30,953
Balance at 31 July 2020	17,470	4,709	97,058	(6,578)	74,851	187,510
Surplus from the statement of comprehensive income	3,134	2,396	8,224	-	-	13,754
Change in fair value of hedged financial instruments	-	-	-	563	-	563
Transfers between reserves	-	-	(3,137)	-	3,137	-
Total comprehensive income for the year	3,134	2,396	5,087	563	3,137	14,317
Balance at 31 July 2021	20,604	7,105	102,145	(6,015)	77,988	201,826

Consolidated and LSHTM Statement of Financial Position

as at 31 July 2021

	Note	2021		2020	
		Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Non-current assets					
Intangible assets	12	273	273	392	392
Fixed assets	13	231,848	229,429	214,896	212,579
Investments	14	26,902	26,975	22,748	22,821
Investment in joint venture	15	-	-	-	-
		<u>259,023</u>	<u>256,677</u>	<u>238,036</u>	<u>235,792</u>
Current assets					
Trade and other receivables	17	35,597	35,262	28,174	27,955
Cash and cash equivalents	23	136,810	136,420	108,341	108,241
		<u>172,407</u>	<u>171,682</u>	<u>136,515</u>	<u>136,196</u>
Creditors: amounts falling due within one year	18	(134,515)	(134,169)	(97,828)	(97,595)
		<u>37,892</u>	<u>37,513</u>	<u>38,687</u>	<u>38,601</u>
Total assets less current liabilities		296,915	294,190	276,723	274,393
Creditors: amounts falling due after more than one year	19	(63,405)	(63,405)	(57,623)	(57,623)
Provisions	20	(28,982)	(28,958)	(29,286)	(29,260)
		<u>204,528</u>	<u>201,827</u>	<u>189,814</u>	<u>187,510</u>
Restricted reserves					
Income and expenditure reserve – endowment reserve	21	20,604	20,604	17,470	17,470
Income and expenditure reserve – restricted reserve	22	7,105	7,105	4,709	4,709
Unrestricted reserves					
Income and expenditure reserve – hedge reserve		(6,015)	(6,015)	(6,578)	(6,578)
Income and expenditure reserve – unrestricted		104,583	102,145	99,200	97,058
Revaluation reserve		78,251	77,988	75,013	74,851
		<u>204,528</u>	<u>201,827</u>	<u>189,814</u>	<u>187,510</u>
Total reserves		204,528	201,827	189,814	187,510

The Financial Statements on pages 28 to 67 were approved by Council on 22 November 2021 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 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus for the year		11,932	22,834
Adjustment for non-cash items			
Depreciation	13	6,885	7,413
Amortisation of intangibles	12	198	289
(Gain)/loss on investments		(3,119)	17
Movement in debtors		(7,423)	4,908
Movement in creditors		33,819	13,528
Movement in pension provision	10	(510)	(18,381)
Movement in other provisions	20	-	963
Share of operating deficit in joint venture	15	164	174
Adjustment for investing or financing activities			
Gain on investments	6	(215)	(577)
Interest payable	8	846	1,417
Endowment income	7	(1,705)	(2,412)
(Gain)/loss on the sale of fixed assets	29	(1)	27
Capital grant income		(2,136)	(2,003)
Net cash inflow from operating activities		38,735	28,197
Cash flows from investing activities			
Proceeds from the sale of fixed assets	29	35	1
Capital grants receipts		11,421	6,555
Investment income	6	215	577
Payments made to acquire fixed assets	13	(22,408)	(9,904)
Payments made to acquire intangible assets	12	(79)	(330)
New deposits		1,705	912
Net cash outflow from investing activities		(9,111)	(2,189)
Cash flows from financing activities			
Interest paid	8	(639)	(673)
Repayments of amounts borrowed		(516)	(500)
Endowment cash received	21	-	1,500
Net cash (outflow)/inflow from financing activities		(1,155)	327
Increase in cash and cash equivalents in the year		28,469	26,335
Cash and cash equivalents at beginning of the year	23	108,341	82,006
Cash and cash equivalents at end of the year	23	136,810	108,341

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 2019, 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 2021. 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.

Grant funding from Government Sources

Government revenue grants including the recurrent grants from the Office for Students and Research England and research grants are recognised in income over the periods in which LSHTM recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income, until performance conditions are met, within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grant funding from Non-Government Sources

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

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

Statement of Principal Accounting Policies (continued)

5. Income recognition (continued)

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

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

Donations & Endowments

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

Donations and endowments with donor imposed restrictions are recognised in income when LSHTM is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

LSHTM has adopted the total return approach to income derived from its permanent endowments in accordance with The Charities (Total Return) Regulations 2013.

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

- i. Restricted donations - the donor has specified that the donation must be used for a particular objective.
- ii. 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.
- iii. 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.
- iv. 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.

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.

Statement of Principal Accounting Policies (continued)

6. Accounting for retirement benefits (continued)

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 schemes for which it is not possible to identify the assets and liabilities to LSHTM due to the mutual nature of the schemes 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.

LSHTM recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the Institution is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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

7. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to LSHTM. Any unused benefits are accrued and measured as the additional amount LSHTM expects to pay as a result of the unused entitlement.

8. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date or, where there are related forward foreign exchange contracts, at the contract rates. The resulting exchange differences are taken to the Consolidated Statement of Comprehensive Income.

9. Tangible Fixed assets

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

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

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. LSHTM has a policy of ensuring an external revaluation takes place at regular intervals. In the intervening years between external valuations, LSHTM carries out an internal assessment, using published information on market rentals and building cost indices, to ensure that the book values of its assets are not materially different from their fair values. Depreciation is subsequently charged on the revalued amount.

A valuation of all land and buildings at LSHTM's London sites was carried out as at 31 July 2021 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.

Statement of Principal Accounting Policies (continued)

9. Tangible Fixed assets (continued)

Land and buildings (continued)

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

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

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

Equipment

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

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

It is depreciated over its expected useful economic life, as follows:

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

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

Impairment

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

10. Intangible Assets

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

11. Investments

Fixed asset investments and endowment asset investments are held on the Balance Sheet at market value. Unlisted investments are stated at historical 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.

13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- LSHTM has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- 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.

Statement of Principal Accounting Policies (continued)

13. Provisions, contingent liabilities and contingent assets (continued)

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.

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

All derivatives are measured at fair value. 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.

Statement of Principal Accounting Policies (continued)

16. Financial Instruments (continued)

Derivative instruments and hedge accounting (continued)

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.

18. Key Judgments & Estimates

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

Hedging provision

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

Swaps on bank loans

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

Currency forward contracts

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

Pension provision

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

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

Management has used a discount rate of 0.87% (2020: 0.73%), as per guidance issued by the British Universities Finance Directors Group (commissioned from Mercers, a recognised pension scheme actuary). Based on LSHTM's financial forecasts the provision calculation also uses a 2.25% p.a. (2020: 2.25% p.a.) change for salary inflation and a 1.5% change p.a. (2020: 1.5% p.a. change) in staff numbers.

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

In kind contribution

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

Statement of Principal Accounting Policies (continued)

18. Key Judgments & Estimates (continued)

Land and buildings assets recognised for the LSHTM/MRC Uganda Unit

There is a legal requirement for land 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 confirmed transfer of all assets. The value of land and buildings for the Uganda Unit has 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.

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.

Onerous research contracts

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

19. Going Concern

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

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

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

Notes to the Financial Statements

1. Tuition fees and education contracts

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Fees from full-time students charged UK fees	3,104	3,104	2,425	2,425
Fees from full-time students charged overseas fees	8,006	8,006	8,978	8,978
Fees from students charged part-time fees	1,233	1,233	1,077	1,077
Fees from students on short courses	1,112	1,112	1,964	1,964
Fees from distance learning courses	10,104	10,104	7,334	7,334
	<u>23,559</u>	<u>23,559</u>	<u>21,778</u>	<u>21,778</u>

2. Funding body grants

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Recurrent grants				
UKRI Research grants	20,948	20,948	21,489	21,489
OfS Teaching grants	2,559	2,559	3,114	3,114
	<u>23,507</u>	<u>23,507</u>	<u>24,603</u>	<u>24,603</u>
Specific grants				
Specialist Institution Funding	2,744	2,744	-	-
Higher Education Innovation Fund	1,727	1,727	1,218	1,218
Global Challenge Research Fund	649	649	696	696
Industrial Strategy NPIF	170	170	397	397
Strategic Priority Fund (SPF)	1,000	1,000	1,000	1,000
	<u>6,290</u>	<u>6,290</u>	<u>3,311</u>	<u>3,311</u>
Release of deferred capital grants	1,274	1,274	1,414	1,414
	<u>31,071</u>	<u>31,071</u>	<u>29,328</u>	<u>29,328</u>

3. Grant and fee income

	2021		2020 (restated)	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Grant and fee income				
Grant income from the OfS	2,559	2,559	3,114	3,114
Grant income from other bodies	28,863	28,863	26,613	26,613
Fee income for taught awards (excl. VAT)	19,283	19,283	17,627	17,627
Fee income for research awards (excl. VAT)	2,377	2,377	2,187	2,187
Fee income from non-qualifying courses (excl. VAT)	1,112	1,112	1,964	1,964
	<u>54,194</u>	<u>54,194</u>	<u>51,505</u>	<u>51,505</u>

Included within Grant income from other bodies is £351k (2020: £399k) of income relating to the UK Government's Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

4. Research grants and contracts

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
UK research councils	49,578	49,578	41,401	41,401
UK charities	18,001	18,001	20,168	20,168
UK government departments and health authorities	29,378	29,378	22,512	22,512
UK Industry & Commerce	920	920	639	639
UK other	1,085	1,085	1,253	1,253
EU charities	440	440	654	654
EU Commission and other government bodies	25,003	25,003	19,665	19,665
EU Industry & Commerce	1,327	1,327	11,052	11,052
EU other	4,207	4,207	4,605	4,605
Charities based outside the EU	23,065	23,065	26,082	26,082
Government bodies outside the EU	7,037	7,037	8,744	8,744
Industry and commerce outside the EU	772	772	1,537	1,537
Other sources outside the EU	6,756	6,756	10,138	10,138
	167,569	167,569	168,450	168,450

Included within EU Industry and Commerce in 2021 is an amount of £1,327k (2020: £10,317k) relating to the supply of vaccines and expert staff time on three clinical trials. LSHTM received the vaccines and expert staff time free of charge for the trials and, in accordance with FRS102, the income has been shown above and costs of £1,327k (2020: £10,317k) are shown in Other costs under Research grants and contracts (Note 10).

5. Other income

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research consultancy	3,515	1,819	2,021	816
Other non-research grant income	5,440	5,440	5,702	5,702
	8,955	7,259	7,723	6,518
Refectory	-	-	402	402
Other income	5,153	6,159	4,748	5,164
	5,153	6,159	5,150	5,566
	14,108	13,418	12,873	12,084

Included within Other non-research grant income is £351k (2020: £399k) of income relating to the UK Government's Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

6. Investment income

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Other investment income	215	215	577	577
	<u>215</u>	<u>215</u>	<u>577</u>	<u>577</u>
	<u><u>215</u></u>	<u><u>215</u></u>	<u><u>577</u></u>	<u><u>577</u></u>

7. Donations and endowments

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Endowments	1,705	1,705	2,412	2,412
Donations with restrictions	5,981	5,981	7,480	7,480
Unrestricted donations	-	-	-	-
	<u>7,686</u>	<u>7,686</u>	<u>9,892</u>	<u>9,892</u>
	<u><u>7,686</u></u>	<u><u>7,686</u></u>	<u><u>9,892</u></u>	<u><u>9,892</u></u>

8. Interest and other finance costs

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Loan interest	639	639	673	673
Net charge on pension scheme	207	206	744	737
	<u>846</u>	<u>845</u>	<u>1,417</u>	<u>1,410</u>
	<u><u>846</u></u>	<u><u>845</u></u>	<u><u>1,417</u></u>	<u><u>1,410</u></u>

Notes to the Financial Statements (continued)

9. Staff costs

Staff costs:	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Salaries	93,055	93,007	89,685	89,276
Social security costs	7,332	7,317	6,777	6,734
Other pension costs	15,460	15,447	14,475	14,390
Apprenticeship levy	358	358	260	260
Movement in USS pension deficit recovery plan provision	(510)	(508)	(18,381)	(17,968)
	<u>115,695</u>	<u>115,621</u>	<u>92,816</u>	<u>92,692</u>

Emoluments of the Director:	2021	2020
	£'000	£'000
Basic salary	289	288
Bonus	40	40
Pension contributions to USS	60	60
Salary sacrifice	(28)	(26)
	<u>361</u>	<u>362</u>

Of the total emoluments of the Director set out above, £216k (2020: £215k) is funded by philanthropic donations, external grants and specific other funding sources for contributions he makes within the global health sciences community.

Pay Ratio Calculations based on the Director's salary

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

	2021	2020
Basic salary ratio	6.5	6.5
Total remuneration ratio	7.4	7.3

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 and up to three other independent members of Council. 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 Chairman of Council who undertakes an annual review of the Director's performance, considering achievements over the past 12 months and sets agreed objectives and KPIs.

The Director's remuneration has been reviewed against performance over the last year, where LSHTM has demonstrated continuing strong performance academically and financially against the objectives set by LSHTM's Council. This strong performance includes continued success in attracting research grant funding, world-leading research outputs and impact on global health and health policy and a stronger financial position. The LSHTM community has also provided expert advice and support with the national and international response efforts to the COVID-19 pandemic. LSHTM's financial performance is explained more fully in the Treasurer's Report within these financial statements.

Notes to the Financial Statements (continued)

9. Staff costs (continued)

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.

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

	2021	2020 restated
	No.	No.
£100,000 to £104,999	21	16
£105,000 to £109,999	10	21
£110,000 to £114,999	15	6
£115,000 to £119,999	6	8
£120,000 to £124,999	3	2
£125,000 to £129,999	2	1
£130,000 to £134,999	-	-
£135,000 to £139,999	2	2
£140,000 to £144,999	-	-
£145,000 to £149,999	1	2
£150,000 to £154,999	1	1
£155,000 to £159,999	-	-
£160,000 to £164,999	-	-
£165,000 to £169,999	2	2
£285,000 to £289,999	1	1
	64	62

Average staff numbers by major category:

	2021	2020
	No.	No.
Teaching and Research staff in academic faculties	873	852
Support staff in academic faculties	270	269
LSHTM/MRC research units in Gambia and Uganda	1,918	1,832
Central services	299	301
Premises	31	30
	3,391	3,284

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.

	2021	2020
	£'000	£'000
Key management personnel basic remuneration	1,449	1,253
	No.	No.
Number of key management personnel (no. of individuals)	12	12
Number of key management personnel (FTEs)	11	10

Due to transitions in the Senior Leadership Team due the year, 12 individuals have been part of the key management personnel but there have only been 11 FTE roles during the year.

Notes to the Financial Statements (continued)

9. Staff costs (continued)

Key management personnel who served during the year are:

Prof Baron Peter Piot <i>(to 31 July 2021)</i>	Director & Professor of Global Health
Prof Dame Anne Mills	Deputy Director and Provost & Professor of Health Economics and Policy
Dr Matthew Lee	Chief Operating Officer
Ms Jenny Jenkin	Secretary & Registrar
Prof Liam Smeeth <i>(to 11 April 2021)</i>	Dean of Faculty & Professor
Prof Elizabeth Allen <i>(from 12 April 2021)</i>	Dean of Faculty & Professor
Prof Alison Grant	Dean of Faculty & Professor
Prof Kara Hanson	Dean of Faculty & Professor
Mr Craig Higgins	Pro-Director (Education)
Prof Umberto D'Alessandro	Director, MRC Unit The Gambia at LSHTM
Prof Pontiano Kaleebu	Director, MRC/UVRI & LSHTM Uganda Research Unit
Mr Kessar Kalim <i>(from 1 September 2020)</i>	Director, Human Resources

Council members

No Council member has received any remuneration/waived payments from the Group during the financial year 2021. The total expenses paid on behalf of Council members was £nil (2020: £nil).

Notes to the Financial Statements (continued)

10. Analysis of total expenditure by activity

	2021 Consolidated £'000			2020 Consolidated £'000		
	Total	Staff	Other	Total	Staff	Other
Academic faculties:						
General funds	23,842	20,791	3,051	24,132	20,503	3,629
Projects:						
Research grants and contracts	143,506	61,807	81,699	137,467	55,524	81,943
LSHTM/MRC Units	11,491	6,965	4,526	18,412	9,260	9,152
Consultancy agreements	1,819	854	965	816	482	334
Other grants	5,628	2,286	3,342	5,732	2,134	3,598
Total academic faculties' expenditure	186,286	92,703	93,583	186,559	87,903	98,656
Academic services	14,219	9,347	4,872	14,131	9,065	5,066
Administrative services	13,049	10,855	2,194	14,362	10,794	3,568
Maintenance of premises	5,463	1,041	4,422	5,040	927	4,113
Equipment and furniture	77	-	77	182	-	182
Refectory	399	391	8	527	415	112
Provisions – pension	(510)	(510)	-	(18,344)	(18,344)	-
Accrual – annual leave	56	56	-	1,047	1,047	-
Provision – onerous research projects	-	-	-	1,000	1,000	-
General education expenditure	2,845	721	2,124	2,115	483	1,632
Studentships	3,175	-	3,175	2,493	-	2,493
Other expenditure	2,208	1,091	1,117	766	(474)	1,240
Currency exchange rate losses	36	-	36	849	-	849
	41,017	22,992	18,025	24,168	4,913	19,255
	227,303	115,695	111,608	210,727	92,816	117,911

As explained in Note 4, LSHTM has received vaccines and expert staff time for three clinical trials free of charge. Costs of £1,327k (2020: £10,317k) are included in Other costs under Research grants and contracts.

Included in Research grants and contracts other expenditure is £1,000k (2020: £1,000k) as a provision for onerous contracts as a result of likely unfunded additional costs to meet contractual commitments resulting from interruption due to the COVID-19 global pandemic.

Notes to the Financial Statements (continued)

10. Analysis of total expenditure by activity (continued)

Other operating expenses include:	2021 £'000	2020 £'000
LSHTM financial statements audit	90	85
Subsidiary financial statements audit	9	4
US Loans FFELP audit	4	3
US DoE Agreed Upon Procedures	2	2
	<u>105</u>	<u>94</u>

Operating lease rentals:		
Property	173	173
Other	46	96

	2021 LSHTM £'000			2020 LSHTM £'000		
	Total	Staff	Other	Total	Staff	Other
Academic faculties:						
General funds	23,842	20,791	3,051	24,132	20,503	3,629
Projects:						
Research grants and contracts	143,506	61,807	81,699	137,467	55,524	81,943
LSHTM/MRC Units	11,491	6,965	4,526	18,412	9,260	9,152
Consultancy agreements	1,819	854	965	816	482	334
Other grants	5,628	2,286	3,342	5,732	2,134	3,598
Total academic faculties' expenditure	<u>186,286</u>	<u>92,703</u>	<u>93,583</u>	<u>186,559</u>	<u>87,903</u>	<u>98,656</u>
Academic services	14,219	9,347	4,872	14,131	9,065	5,066
Administrative services	12,971	10,777	2,194	13,673	10,257	3,416
Maintenance of premises	5,463	1,041	4,422	5,040	927	4,113
Equipment and furniture	77	-	77	182	-	182
Refectory	399	391	8	527	415	112
Provisions – pension	(508)	(508)	-	(17,931)	(17,931)	-
Accrual – annual leave	56	56	-	1,047	1,047	-
Provision – onerous research projects	-	-	-	1,000	1,000	-
General education expenditure	2,845	721	2,124	2,115	483	1,632
Studentships	3,175	-	3,175	2,493	-	2,493
Other expenditure	1,893	1,093	800	688	(474)	1,162
Currency exchange rate losses	33	-	33	843	-	843
	<u>40,623</u>	<u>22,918</u>	<u>17,705</u>	<u>23,808</u>	<u>4,789</u>	<u>19,019</u>
	<u>226,909</u>	<u>115,621</u>	<u>111,288</u>	<u>210,367</u>	<u>92,692</u>	<u>117,675</u>

As explained in Note 4, LSHTM has received vaccines and expert staff time for three clinical trials free of charge. Costs of £1,327k (2020: £10,317k) are included in Other costs under Research grants and contracts.

Included in Research grants and contracts other expenditure is £1,000k (2020: £1,000k) as a provision for onerous contracts as a result of likely unfunded additional costs to meet contractual commitments resulting from interruption due to the COVID-19 global pandemic.

Notes to the Financial Statements (continued)

11. Taxation

	2021 £'000	2020 £'000
Recognised in the statement of comprehensive income and expenditure		
Current tax		
Current and total tax expense	-	-
Tax reconciliation:		
	2021 £'000	2020 £'000
Surplus before taxation	11,932	22,834
Corporation tax at 19%	2,386	4,567
Effect of:		
Surplus/deficit falling within charitable exemption	(2,386)	(4,567)
Trading losses utilised by subsidiary	-	-
Total tax expense	-	-

12. Intangible assets

Consolidated and LSHTM	Software £'000	Total £'000
At 1 August 2020	392	392
Additions in the year	79	79
Amortisation charge for the year	(198)	(198)
At 31 July 2021	273	273
At 31 July 2020	392	392

Notes to the Financial Statements (continued)

13. 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 2020	167,905	27,894	23,173	13,562	232,534
Additions	-	108	2,669	19,632	22,409
Transfers	1,023	-	-	(1,023)	-
Loss on revaluation	(1,508)	(282)	-	-	(1,790)
Disposals	-	-	(295)	(757)	(1,052)
At 31 July 2021	167,420	27,720	25,547	31,414	252,101
Depreciation					
At 1 August 2020	-	-	17,638	-	17,638
Charge for the year	3,104	905	2,876	-	6,885
Written back on revaluation	(3,104)	(905)	-	-	(4,009)
Disposals	-	-	(261)	-	(261)
At 31 July 2021	-	-	20,253	-	20,253
Net book value					
At 31 July 2021	167,420	27,720	5,294	31,414	231,848
At 31 July 2020	167,905	27,894	5,535	13,562	214,896
Leased assets included above:					
Net book value					
At 31 July 2021	-	27,720	-	-	27,720
At 31 July 2020	-	27,894	-	-	27,894

At 31 July 2021, freehold land and buildings included £66,494k (2020: £69,855k) in respect of land which is not depreciated.

A desktop valuation of LSHTM's freehold and leasehold land and buildings in London, Gambia and Uganda was carried out as at 31 July 2021 having been previously fully revalued in 31 July 2019 by external valuers Gerald Eve LLP, Sphinx Associates and Spider Concepts Limited respectively. The revaluation as at 31 July 2021 resulted in a decrease of £1,790k (2020: decrease of £973k) to the asset value and a reduction of £4,009k (2020: £7,411k) in accumulated depreciation.

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

Notes to the Financial Statements (continued)

13. Fixed assets (continued)

The freehold and leasehold properties comprising the London School of Hygiene & Tropical Medicine's UK estate were valued as at 31 July 2021 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standard 2020 and the national standards and guidance set out in the UK national supplement (November 2018), Financial Reporting Standard 102 and the 2019 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost. The valuation of operational properties is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

LSHTM	Freehold Land and Buildings	Leasehold Land and Buildings	Plant, Machinery, Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	165,590	27,894	23,160	13,562	230,206
Additions	-	108	2,669	19,632	22,409
Transfers	1,023	-	-	(1,023)	-
Loss on revaluation	(1,610)	(282)	-	-	(1,892)
Disposals	-	-	(295)	(757)	(1,052)
At 31 July 2021	<u>165,003</u>	<u>27,720</u>	<u>25,534</u>	<u>31,414</u>	<u>249,671</u>
Depreciation					
At 1 August 2020	-	-	17,627	-	17,627
Charge for the year	3,104	905	2,876	-	6,885
Written back on revaluation	(3,104)	(905)	-	-	(4,009)
Disposals	-	-	(261)	-	(261)
At 31 July 2021	<u>-</u>	<u>-</u>	<u>20,242</u>	<u>-</u>	<u>20,242</u>
Net book value					
At 31 July 2021	<u>165,003</u>	<u>27,720</u>	<u>5,292</u>	<u>31,414</u>	<u>229,429</u>
At 31 July 2020	<u>165,590</u>	<u>27,894</u>	<u>5,533</u>	<u>13,562</u>	<u>212,579</u>
Leased assets included above:					
Net book value					
At 31 July 2021	<u>-</u>	<u>27,720</u>	<u>-</u>	<u>-</u>	<u>27,720</u>
At 31 July 2020	<u>-</u>	<u>27,894</u>	<u>-</u>	<u>-</u>	<u>27,894</u>

At 31 July 2021, freehold land and buildings included £64,240k (2020: £67,540k) 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 2020	-	22,748	22,748
Disposals	-	(203)	(203)
Unrealised gain	-	4,357	4,357
At 31 July 2021	-	26,902	26,902

LSHTM	Subsidiary companies	Other fixed asset investments	Total
	£'000	£'000	£'000
As 1 August 2020	100	22,721	22,821
Disposals	-	(203)	(203)
Unrealised gain	-	4,357	4,357
At 31 July 2021	100	26,875	26,975

Non-current investments consist of:

Subsidiary companies:	Total £
Chariot Innovations Limited	100,000
LSHTM Developments Limited	2
MRC/UVRI and LSHTM Uganda Research Unit Limited	201
Sustainable Climate Impact Fund Limited (incorporated 25 March 2021 as a company limited by guarantee without share capital)	-
	100,203
Other fixed asset investments	£'000
Endowment asset investments (see note 21)	20,604
Fixed asset investments	6,297
	26,901

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

Notes to the Financial Statements (continued)

15. Investment in joint venture

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

	2021	2020
	£'000	£'000
Income and expenditure account (LSHTM share)		
Income	188	239
Expenditure	(352)	(413)
Deficit before tax	<u>(164)</u>	<u>(174)</u>
Balance sheet (LSHTM share)	£'000	£'000
Share of net assets	<u>-</u>	<u>-</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 2021, Chariot owned 15.9% (2020: 15.9%) of the share capital in Arctech Innovation Limited. On 24 August 2021, Chariot Innovations Limited was allotted an additional 14,351 shares in Arctech Innovation Limited, increasing its shareholding to 22.6%.

17. Trade and other receivables

	2021		2020	
	Consolidated	LSHTM	Consolidated	LSHTM
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Research expenditure recoverable	15,120	15,120	9,966	9,966
Other trade receivables	15,228	14,905	10,714	10,027
Prepayments and accrued income	5,159	5,159	6,716	6,715
Social security and other taxation receivable	90	-	778	778
Amounts due from subsidiary companies	-	78	-	469
	<u>35,597</u>	<u>35,262</u>	<u>28,174</u>	<u>27,955</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Unsecured loans	538	538	516	516
Trade payables	2,749	2,594	1,867	1,806
Social security and other taxation payable	1,032	1,032	112	144
Accruals and deferred income	128,948	128,757	94,545	94,341
Derivatives	1,248	1,248	788	788
	<u>134,515</u>	<u>134,169</u>	<u>97,828</u>	<u>97,595</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:

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Research grants received on account	86,474	86,474	65,675	65,675
Accrued expenses	13,228	13,059	10,602	10,500
Deferred income	29,246	29,224	18,268	18,166
	<u>128,948</u>	<u>128,757</u>	<u>94,545</u>	<u>94,341</u>

19. Creditors: amounts falling due after one year

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Deferred income	46,732	46,732	39,388	39,388
Derivatives	4,766	4,766	5,790	5,790
Unsecured loans	11,907	11,907	12,445	12,445
	<u>63,405</u>	<u>63,405</u>	<u>57,623</u>	<u>57,623</u>

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

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

Notes to the Financial Statements (continued)

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

The derivatives are accounted for as a hedge of variable rate interest rate risk, in accordance with FRS102 and had a fair value of £4,824k (2020: £6,131k) 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 £1,306k (2020: reduction of £538k), 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 £1,190k (2020: £447k) at the balance sheet date. The change in fair value in the period was an increase in the liability of £743k, with the entire difference being recognised as a charge to other comprehensive income.

Analysis of unsecured loans:

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Due within one year or on demand (note 17)	538	538	516	516
Due between one and two years	557	557	538	538
Due between two and five years	1,792	1,792	1,729	1,729
Due in five years or more	9,558	9,558	10,178	10,178
Due after more than one year	11,907	11,907	12,445	12,445
	12,445	12,445	12,961	12,961

LSHTM's unsecured loan facilities comprise:

	Amount £'000	Maturity	Borrower
National Westminster Bank plc	8,653	2038	LSHTM
National Westminster Bank plc	3,792	2038	LSHTM
	12,445		

20. Provisions

Consolidated	Obligation to fund deficit on USS pension £'000	Other provisions £'000	Total provisions £'000
As 1 August 2020	28,286	1,000	29,286
Additions in year	-	-	-
Released in year	(304)	-	(304)
At 31 July 2021	27,982	1,000	28,982
School	Obligation to fund deficit on USS pension £'000	Other provisions £'000	Total provisions £'000
As 1 August 2020	28,260	1,000	29,260
Additions in year	-	-	-
Released in year	(302)	-	(302)
At 31 July 2021	27,958	1,000	28,958

There were no pension scheme enhancements in 2021 (2020: Nil).

Notes to the Financial Statements (continued)

20. Provisions (continued)

Pension Provisions

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

The major assumptions used to calculate the obligation are:

	2021	2020
Discount rate	0.87%	0.73%
Salary growth p.a.	2.25%	2.25%
Staff membership growth p.a.	1.5%	1.5%

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 2021

0.5% p.a. decrease in discount rate
0.5% p.a. increase in salary inflation - over duration
0.5% increase in salary inflation - year 1 only
0.5% increase in staff changes - over duration
0.5% increase in staff changes – year 1 only
1 year increase in deficit recovery term

Approximate impact

Increased provision of £563k
Increased provision of £552k
Increased provision of £137k
Increased provision of £557k
Increased provision of £138k
Increased provision of £4,741k

21. Endowments

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August 2020					
Expendable endowment	-	-	3,660	3,660	3,503
Permanent endowment base value	9,717	1,371	-	11,088	9,588
Unapplied total return	2,264	458	-	2,722	3,027
	11,981	1,829	3,660	17,470	16,118
New endowments	-	-	-	-	1,500
Investment income	159	33	635	827	832
Increase/(decrease) in market value of investments	2,377	382	578	3,337	(17)
Total return allocated to income in the reporting period	(237)	(48)	-	(285)	(394)
Expenditure	-	-	(683)	(683)	(516)
Management fees	(51)	(11)	-	(62)	(53)
Total endowment comprehensive income for the year	2,248	356	530	3,134	1,352
At 31 July 2021	14,229	2,185	4,190	20,604	17,470

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	2021 Total £'000	2020 Total £'000
Permanent endowment base value	9,717	1,371	-	11,088	11,088
Unapplied total return	4,512	814	-	5,326	2,722
	<u>14,229</u>	<u>2,185</u>	<u>-</u>	<u>16,414</u>	<u>13,810</u>

Represented by:

Capital	14,229	2,185	2,346	18,760	15,950
Accumulated income	-	-	1,844	1,844	1,520
	<u>14,229</u>	<u>2,185</u>	<u>4,190</u>	<u>20,604</u>	<u>17,470</u>

Analysed by type and purpose:

Scholarships and bursaries	2,831	-	2,628	5,459	4,777
Research support and Lectureships	3,748	-	930	4,678	3,873
Brass Blacker Chair	3,626	-	531	4,157	3,412
Takeda Chair in Global Child Health	3,540	-	(27)	3,513	3,071
Prize funds	156	-	50	206	174
General	328	2,185	78	2,591	2,163
	<u>14,229</u>	<u>2,185</u>	<u>4,190</u>	<u>20,604</u>	<u>17,470</u>

Analysed by asset:

Non-current asset investments				18,801	16,118
Cash & cash equivalents				1,803	1,352
				<u>20,604</u>	<u>17,470</u>

Notes to the Financial Statements (continued)

22. Restricted reserves

Reserves with restrictions are as follows:

	2021 Donations reserve £'000	2020 Donations reserve £'000
Balances as 1 August 2020	4,709	2,998
New donations	3,165	2,120
Expenditure	(769)	(409)
Total restricted comprehensive income in the year	2,396	1,711
At 31 July 2021	7,105	4,709
Analysis by type of purpose:		
Lectureships	375	250
Scholarships and bursaries	386	425
Research support	3,491	2,583
Prize funds	42	30
General	95	1,421
Capital	2,716	-
At 31 July 2021	7,105	4,709

23. Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Consolidated			
Cash and cash equivalents	108,341	28,469	136,810
LSHTM			
Cash and cash equivalents	108,241	28,179	136,420

24. Capital and other commitments

Committed

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	5,447	5,447	11,183	11,183
Other	35	35	16	16
	5,482	5,482	11,199	11,199

Authorised

	2021		2020	
	Consolidated £'000	LSHTM £'000	Consolidated £'000	LSHTM £'000
Land and buildings	53,888	53,888	33,603	33,603
Other	2,365	2,365	1,187	1,187
	56,253	56,253	34,790	34,790

The authorised land and buildings figure refers to capital project works at LSHTM's sites at Tavistock Place, London (£22,955k), Keppel Street, London (£28,256k), Gambia research unit (£1,624k) and Uganda research unit (£1,053k).

Notes to the Financial Statements (continued)

25. Lease obligations

Total rentals payable under operating leases:

	Property £'000	2021 Plant and machinery £'000	Total £'000	2020 Total £'000
Payable during the year	<u>489</u>	<u>46</u>	<u>535</u>	<u>779</u>
Future minimum lease payments due:				
Not later than 1 year	395	46	441	539
Later than 1 year and not later than 5 years	<u>101</u>	<u>134</u>	<u>235</u>	<u>393</u>
Total lease payments due	<u><u>496</u></u>	<u><u>180</u></u>	<u><u>676</u></u>	<u><u>932</u></u>

26. Subsidiary undertakings

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

Company	Principal Activity	Status
Chariot Innovations Limited	Product Testing (non-trading as of 1 August 2021)	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 2021.

27. Pensions

a) The Universities' Superannuation Scheme (USS)

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

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.

Notes to the Financial Statements (continued)

27. Pensions (continued)

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

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

The total cost charged to the Statement of Comprehensive Income is £13,029k (2020: £12,004k).

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 2018 (the valuation date), which was carried out using the projected unit method. As at the year end date, a valuation as at 31 March 2020 was underway but not yet complete, however it has been completed post year end (see below).

Since LSHTM cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

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

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

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

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

The current life expectancies on retirement at age 65 are:

	2021 valuation	2020 valuation
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

Notes to the Financial Statements (continued)

27. Pensions (continued)

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

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.87%	0.73%
Pensionable salary growth	2.25%	2.25%

At 31 March 2021, the LSHTM had 1,401 active members contributing into the scheme.

USS Pension Scheme Post Balance Sheet Event

The USS Trustee submitted the March 2020 valuation to The Pensions Regulator on 1 October 2021. As part of this, the Joint Negotiating Committee ("JNC") recommended changes to the future service benefits which will apply from April 2022 if approved along with changes to the contribution rates. These changes will be subject to consultation with members. In addition, Universities UK ("UUK") has confirmed that the employers will provide an enhanced level of covenant support to the Scheme.

The 2020 Valuation has a dual rate schedule of contributions:

- Leg 1 – members will contribute 9.8% of their salaries from 1 October 2021 and employers will pay 21.4% which is an increase of 0.2% and 0.3% respectively. In addition, there will be a longer deficit recovery period until March 2038 instead of April 2028. The element of total contributions that will address the scheme deficit will be 6.3% from April 2022.
- Leg 2 – this only becomes applicable if the JNC recommended changes to benefits have not been executed by 28 February 2022. This would see significant increases in the contributions by employees and employers and a shorter deficit recovery period until July 2032. In this scenario the deficit contributions would be up to 20%.

Under Leg 1, the impact on LSHTM's USS pension provision would be an increase of £55.9m from £28.0m to £83.9m. This increase is driven by the deficit recovery period extending by ten years, along with a small increase in the contribution rate. The likelihood of Leg 2 being triggered is considered remote.

As at the balance sheet date there was not a present obligation arising from the March 2020 valuation and therefore this is a non-adjusting event.

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

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

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

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

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

Funding Policy

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

Notes to the Financial Statements (continued)

27. Pensions (continued)

b) The Superannuation Arrangements of the University of London (SAUL) (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 2017. 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. As at the year end date, a valuation as at 31 March 2020 was underway but not yet complete.

The funding principles were agreed by the Trustee and employers in June 2018 and will be reviewed as part of SAUL's 31 March 2020 valuation.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.

At 31 March 2021, LSHTM had 187 active members participating in the scheme.

The contribution rate payable by LSHTM during the year was 16% of pensionable salaries.

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 2021, LSHTM had 64 active members contributing to the scheme.

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

d) Medical Research Council (MRC)

At 31 March 2021, LSHTM had 22 active members participating in the Scheme.

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

e) Pension costs for the year

The pension costs for all four schemes, which were charged to the Statement of Consolidated Income, were £14,983k (2020: £14,071k).

The movement in the provision in the pension deficit recovery plan for the USS schemes totalled a £303k release (2020: £17,576k increase).

Notes to the Financial Statements (continued)

28. Related party transactions

Name of related party and relationship	Nature of transaction	Income 2021 £'000	Expenditure 2021 £'000	Income 2020 £'000	Expenditure 2020 £'000
Bill and Melinda Gates Foundation Dr Richard White, LSHTM Council member, is an Advisory Panel Member	Research grant funding	16,325	-	19,584	-
Biosensors Beyond Borders Dr Matt Lee, LSHTM COO, is a director	Salary recharges	35	-	81	-
British Heart Foundation Dr Annalisa Jenkins, LSHTM Council member, is a trustee	Research funding and studentships	87	-	n/a	n/a
Central and North West London NHS Foundation Trust Professor Alison Grant, LSHTM Dean of Faculty, is an Honorary Consultant Physician	Funding award	4	-	n/a	n/a
Centre for Ageing Better Professor Nicolas Mays, LSHTM Council Member, is a Board member and Trustee	Research Consultancy	13	-	n/a	n/a
Chatham House Mr Mishal Khan, LSHTM Council member, is a consultant	Research services	-	85	n/a	n/a
Coalition for Epidemic Preparedness Innovation Professor Baron Peter Piot, LSHTM Director, is a Non-Executive Director	Research funding	3,677	-	5,961	-
eLife Science Publications Professor Mike Turner, LSHTM Council member, is a Board Member	Research publication fees	-	-	3	10
EY LLP Mr Will Fisher, member of LSHTM Finance & Development Committee, is a partner	Taxation advisory services	-	77	-	45
Google Ms Diana Layfield, member of LSHTM Audit and Risk Committee, is a staff member	Research funding	218	-	n/a	n/a
King Baudouin Foundation Professor Baron Peter Piot, LSHTM Director, is Chair of the Board	Donation	-	-	79	-
The King's Fund Professor Nicolas Mays, LSHTM Council member, is a Member of the Advisory Council	Catering services	-	-	1	-
London School of Economics and Political Science Professor Nicolas Mays, LSHTM Council member, is an expert advisor	Research funding and services	75	1,350	69	578
London Universities Purchasing Consortium Mr Andrew Dyer, LSHTM Finance Director, is a director	Membership subscription	-	6	n/a	n/a

Notes to the Financial Statements (continued)

28. Related party transactions (continued)

Malaria Consortium Dr Precious Lunga, LSHTM Council member, is a Trustee	Research grant funding and services	366	57	557	-
Novartis Foundation Professor Baron Peter Piot, LSHTM Director, is a Trustee	Research funding	-	-	29	-
The Nuffield Trust Professor Nicolas Mays, LSHTM Council member, is a Senior Associate	Research funding	6	-	n/a	n/a
The Open University Mr Stan Farmer, member of LSHTM Audit and Risk Committee, is a staff member	Research services	-	18	-	20
Royal Society of Tropical Medicine and Hygiene Professor Kara Hanson, LSHTM Dean of Faculty, is a member of the Finance and Audit Committee	Donation	8	-	-	-
SAUL Trustee Company Dr Matt Lee, LSHTM COO, is a trustee director	Pension fund	-	1,096	n/a	n/a
Uganda Virus Research Institute Professor Pontiano Kaleebu, Director of MRC/UVRI & LSHTM Uganda, is Director	Research funding and services	4	13	n/a	n/a
UK Research and Innovation Dr Precious Lunga, LSHTM Council member, is a Council member	Research and capital funding	70,347	6	n/a	n/a
University of Aberdeen Dr Robin Goodchild, member of LSHTM Finance & Development Committee, is an Honorary Professor	Research services	-	121	-	178
University College London Hospital Professor Alison Grant, LSHTM Dean of Faculty, is an Honorary Consultant Physician	Funding award	173	-	n/a	n/a
University of Glasgow Professor Mike Turner, LSHTM Council member, is an Honorary Professor	Research grant funding and services	354	340	92	92
University of Strathclyde Professor Mike Turner, LSHTM Council member, is an Honorary Professor	Research grant funding	-	-	10	-
Vaccine Manufacturing Innovation Centre Dr Matt Lee, LSHTM COO, is a board member	Procurement and governance services	-	-	11	-
Wellcome Trust Professor Mike Turner, LSHTM Council member, was a staff member during 20-21	Research services	11,907	-	14,581	7
World Health Organisation Professor Mike Turner, LSHTM Council member, is a consultant, and; Professor Umberto D'Alessandro, Director of MRC The Gambia Unit at LSHTM is a member of the Malaria Policy Advisory Group	Research funding	879	1	1,214	75

Notes to the Financial Statements (continued)

28. Related party transactions (continued)

Name of related party	Debtor 2021 £'000	Creditor 2021 £'000	Debtor 2020 £'000	Creditor 2020 £'000
Wellcome Trust	29	-	284	-
University of Aberdeen	-	4	-	24
Malaria Consortium	223	-	51	-
eLife Science Publications	-	-	-	2
The Open University	-	-	-	5
University of Glasgow	41	40	2	-
London School of Economics and Political Science	-	595	3	578
World Health Organisation	79	-	-	-
University College London Hospital	1	-	n/a	n/a
Central and North West London NHS Foundation Trust	4	-	n/a	n/a
Biosensors Beyond Borders	153	-	118	-

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

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

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

29. Gain on sale of fixed assets

LSHTM disposed of assets with a net book value of £1,052k during the year (2020: £27k) with a gain on disposal of £1k (2020: £1k).

Notes to the Financial Statements (continued)

30. US Department of Education Supplementary Schedule

We have an obligation as part of our participation in the US Federal Loans program to include Supplemental Information which complies with Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / 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		2021		2020	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets without donor restrictions	I&E unrestricted reserves		176,818		167,635
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Net assets with donor restrictions	I&E restricted reserves		27,709		22,179
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	231,848		214,896	
Balance sheet, Note - Fixed assets	Statement of Financial Position - Property, plant and equipment - pre-implementation	Fixed assets		202,218		204,537
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		2,489		1,988
Note - Fixed assets	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Assets in course of construction additions		19,633		8,371
Note - lease obligations	Statement of Financial Position - Lease right-of-use assets, net	Finance lease asset	-		-	
Note - lease obligations	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Finance lease asset		-		-

Reference	Statement of Financial Position		2021		2020	
			£'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		273		392
Balance sheet, Note - Provisions	Statement of Financial Position - Post-employment and pension liabilities	Pension provision		27,982		28,286
Balance sheet, Notes - Creditors less than one year and more than one year	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Bank loans	12,445		12,961	
Balance sheet, Notes - Creditors less than one year and more than one year	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Bank loans		12,445		12,961
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		2021		2020	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Perpetual Funds	I&E restricted reserves		27,709		22,179
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		235,234		219,846
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		(5,952)		(9,088)
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		(3,334)		(560)
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		176,818		167,635
Balance sheet, Statement of changes in reserves	Statement of Financial Position - total Net assets with donor restrictions	Restricted reserves		27,709		22,179
Balance sheet	Statement of Financial Position - Goodwill	Intangible assets		273		392
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		2021		2020	
			£'000	£'000	£'000	£'000
Balance sheet, Statement of changes in reserves	Statement of Financial Position - Total Assets	Total Assets		431,430		374,551
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		273		392
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		9,182		28,473
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		243,994		242,294

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