

# Financial Summary 2021



A medical university



**Karolinska  
Institutet**

# Karolinska Institutet's Financial Summary for 2021

Karolinska Institutet's (KI) revenues have returned to a year-over-year increase following last year's marginal decrease, and amount to SEK 7,560 million for 2021. This increase occurred across all revenue streams. In this chapter, the source is the business system Unit4 Business World, unless otherwise stated. Last year's figures are presented in parentheses.

KI's activities are dominated by research activities, and they comprise 84 per cent of total revenues, which is the same proportion as in the prior year.

The capital change for the year is positive and amounts to SEK 187.9 million (SEK 22.8 million). The greatest capital change is attributable to research activities SEK 181.6 million (-13.9 million).

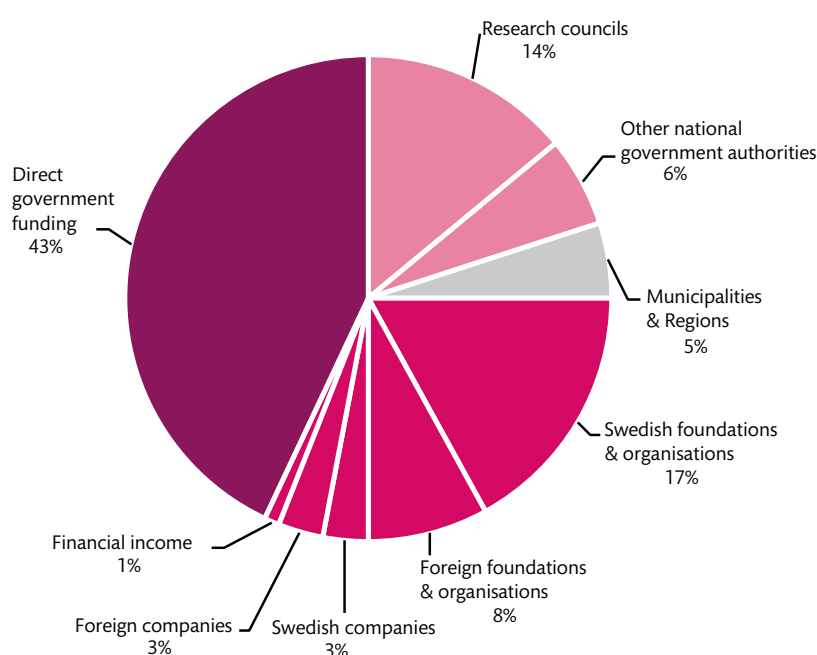
## Funding sources

The diagram below shows how KI's activities for 2021 were financed, divided into categories by type of funder.

The total government funding of the KI's activities amounts to 63 per cent, which is a decrease of one percentage point compared to 2020. The decrease is in the category other national government funders.

The corresponding increase of one percent of is attributable to external funding in the category of Swedish foundations and organisations.

## Revenue in 2021, total SEK 7,560 million



## Surplus/deficit per activity: education and research

### Statement of financial performance per activity unit 2021, SEK millions

	<b>Total</b>	<b>Total Education and bachelor's and master's level</b>	<b>Research and education at doctoral level</b>
<b>Revenue</b>			
Direct Government funding	3 273,7	1 039,0	2 234,7
Fees and other remuneration	883,7	151,1	732,6
Grants	3 349,7	30,3	3 319,4
Financial income	52,5	0,0	52,5
<b>Total revenue</b>	<b>7 559,6</b>	<b>1 220,4</b>	<b>6 339,2</b>
<b>Costs</b>			
Staff costs	3 865,1	694,6	3 170,5
Premises costs	964,0	103,1	860,9
Other operating costs	2 195,1	389,9	1 805,2
Financial expenses	6,6	0,2	6,4
Depreciation	340,9	26,3	314,6
<b>Total costs</b>	<b>7 371,7</b>	<b>1 214,1</b>	<b>6 157,6</b>
<b>Change in capital for the year (excl. subsidiaries)</b>	<b>187,9</b>	<b>6,3</b>	<b>181,6</b>
Result from ownership interests in subsidiaries and associated companies	0,0		
<b>Change in capital for the year (incl. subsidiaries)</b>	<b>187,9</b>		
Capitalised change in capital (IB)	1 564,6	249,8	1 294,8
<b>Total balance carried forward (UB)</b>	<b>1 752,5</b>	<b>256,1</b>	<b>1 476,4</b>

This year's positive change in capital amounting to SEK 187.9 million (22.8 million) consists of a positive change in capital in education at bachelor's level and master's level amounting to SEK 6.3 million (36.7 million) and a change in capital in research and education at doctoral level amounting to SEK 181.6 million (-13.9 million).

The positive change in capital for education is primarily linked to contract education. Within government appropriation funded education, the funding cap was not reached, resulting in an increase in the final savings of appropriations, which now amount to SEK 38.1 million (SEK 19.7 million). The level of performance is somewhat below the forecast provided in the autumn.

Grant-funded education has decreased to returned to more normal levels. Last year's high outcome consisted of grants via the Legal, Financial and Administrative Services Agency (appropriation 2:64), which was an extended mandate from the government in 2020. Within research, direct government funding, grant and contract research funded-activities have seen a positive change in capital.

The research activities also include the financial results from asset management, to the amount of SEK 9.5 million (5.5 million).

## Net advances from external funders and liquid assets

Unused grant revenue and prepaid contract assignment revenues refers to non-generated expenses for activities where the funders provide the funding in advance. Accrued grant revenues and revenues from contract education refers to accrued costs for ongoing externally financed activities, where the funds are received in arrears and where an agreement/contract exists that supports this.

The table below shows the development of advances from grants received and contract education activities.

Bank deposits and other liquid assets have increased compared to 2020 and can be explained by an increase in unused grants and other liabilities.

Net advances and liquid assets, SEK millions			
	2019	2020	2021
Unused grants	3 285	3 523	3 817
Prepaid contract revenue	265	355	327
Accrued grant revenues	-506	-504	-462
Accrued contract education revenues	-2	-3	-5
Net advance	3 041	3 370	3 678
Bank deposits, liquid assets and the Swedish National Debt Office	4 043	4 344	5 027

## Loans from the Swedish National Debt Office

Every year loans are taken from the Swedish National Debt Office (RGK) for the fixed assets that are funded by the government. This is done at least twice a year and the last time is in December, for investments made through the month of November, including a forecast for December. At the same time, amortisations are made corresponding to the depreciation and retirement of assets during the year. New investments were made in 2021 corresponding to SEK 93.9 million and reported depreciation amounted to SEK 226.2 million. Total debt with the RGK is SEK 1,051 million. The 2021 loan limit was SEK 1,244 million. The annual average for the interest rate on the interest account in 2021 was 0 per cent (0 per cent). The zero interest rate means that KI does not have any interest costs for its loans with the RGK.

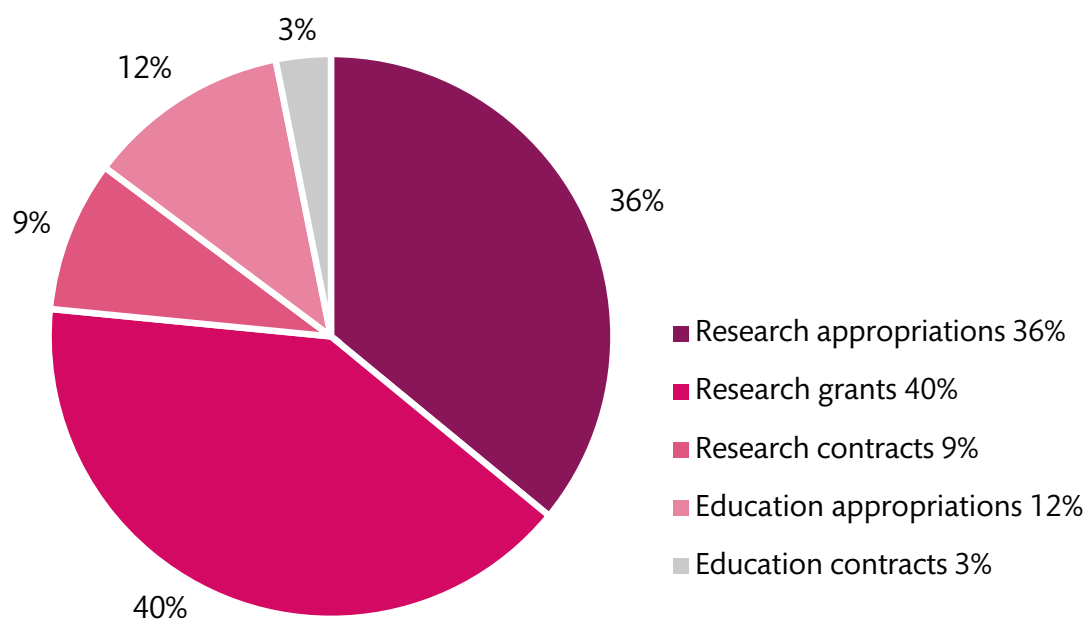
## Agency capital

The accumulated agency capital, including the change in capital during the year, amounts to SEK 1,753 million (SEK 1,564 million), broken down into subsidiaries, SEK 20 million (SEK 19 million), asset management, SEK 161 million (SEK 152 million) and regular activities, SEK 1,571 million (SEK 1,393 million).

Agency capital has increased most in grant-funded research. The increase is explained by the completion of research projects and the transfer of surpluses, which contributed to a positive change in capital.

Another explanation is that some grant-financed activities had a historical deficit that was co-financed with grants during the year.

## Agency capital



## Total Education and bachelor's and master's level

In 2021, the KI shows a smaller positive growth in capital than in the previous year, which is explained by the fact that revenues did not increase at the same rate as costs. Contract education activities have increased somewhat in 2021 after decreasing in 2020. In total, revenues for education have increased by 2 per cent compared to 2020.

### Revenue

The outcome for full-time equivalents (FTE) exceeds KI's October prognosis while that of annual performance equivalents (APE) is somewhat lower. The available funds for 2021, i.e., the funding cap for the year and the government funding savings from 2020, is SEK 814.3 million. The outcome, including the annual performance equivalents from December 2020, means that KI funds fall short and increased its appropriation savings. The end-of-year government funding savings increased, and after 2021 amounts to 38.1 million.

Direct national government funding has been adjusted for price and salary translation with 1.72 per cent (1.91 per cent).

Revenue from grants consists primarily of grants from other national government authorities transferred to KI for activities related to its educational programmes, in accordance with each respective public authority's spending authorisation.

## Costs

Costs for educational activities have increased by 4.2 per cent for the year compared to 2020. Personnel costs will increase by 4.4 per cent, which is in line with the increase KI as a whole.

The educational activities represent 16.5 per cent of KI's total overall expenses. Costs related to premises for the education increased by 2.8 per cent. The costs do not reflect the utilisation of premises, considering that many premises have been unused due to the coronavirus pandemic. Premises have been refurbished to meet the demands of distance education.

Depreciation is at the same level as last year.

<b>Total Education and bachelor's and master's level, SEK millions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Revenue</b>			
Direct Government funding	984,3	1 021,1	1 039,0
Fees and other remuneration	146,0	135,7	151,1
Grants	26,6	42,6	30,3
Financial income	0,0	0,0	0,0
<b>Total revenue</b>	<b>1 156,9</b>	<b>1 199,4</b>	<b>1 220,4</b>
<b>Costs</b>			
Staff costs	635,8	664,2	694,6
Premises costs	97,8	100,2	103,1
Other operating costs	386,1	371,1	389,9
Financial expenses	0,1	0,0	0,2
Depreciation	23,6	27,2	26,3
<b>Total costs</b>	<b>1 143,3</b>	<b>1 162,7</b>	<b>1 214,1</b>
<b>Transfers</b>			
Government funding	4,8	0,0	0,0
Funding from other government agencies	0,0	0,0	0,0
Other funds	0,2	0,0	0,0
Grants distributed	-5,0	0,0	0,0
<b>Change in capital</b>			
Annual	13,6	36,7	6,3
Capitalised change in capital (IB)	199,6	213,1	249,8
<b>Total balance carried forward</b>	<b>213,1</b>	<b>249,8</b>	<b>256,1</b>

## Research and education at doctoral level

Revenue increases by 3.4 per cent compared to the previous year. Costs for personnel are increasing at a slightly higher rate than revenues, which can be explained to some extent by the fact that a salary audit has been carried out in 2021.

### Revenue

Research revenue for the year amounts to SEK 6,339.2 million (SEK 6,122.5 million). Direct national government funding has increased by SEK 78.9 million or 3.5 per cent compared to 2020, and is in accordance with the spending authorisation for the financial year 2021 concerning the KI. Direct national government funding has been adjusted for price and salary translation with 1.72 per cent (1.91 per cent).

Fees and other payments received increase by SEK 27.6 million compared to 2020, which is primarily explained by increased fees from foreign companies and organisations as well as the leasing of KI premises. On behalf of the Public Health Agency of Sweden, KI has special authorisation to conduct COVID-19 sequencing activities. This activity has had lower volumes in 2021.

Grant revenues have increased by 3 per cent compared to 2020, while prepaid grant revenues have also increased, indicating that this year's increase is not temporary.

Financial revenues declined, which is due to the fact that the annual interest rate at the RGK was 0 per cent. The annual average interest rate on the interest-bearing account in the RGK in 2021 is 0 per cent (0). Interest revenues from the RGK are SEK 0 (SEK 58 thousand). Other financial income consists primarily of capital gains upon the sale of fixed assets plus dividends on shares and exchange rate gains.

### Costs

This year's total costs for research and education at doctoral level increased marginally by SEK 21 million, or 0.3 per cent, compared to last year.

The cost for staff has increased by 4.3 per cent compared with 2020. A salary audit was carried out this year. The number of staff (full time equivalents) has increased by 1.1 compared with 2020.

Premises costs decrease slightly compared to 2020, which can be explained by the fact that the premises have been used less due to the pandemic, which has contributed to lower costs for maintenance and repairs than in previous years.

Operating costs have decreased by 2.5 per cent, which can be partly explained by the pandemic in terms of reduced travel, entertainment and conference costs, which, in distinction to 2020, has affected the entire financial year of 2021.

Financial costs have decreased somewhat, which is primary explained by KI's 2020 exchange rate losses, which were more extensive than in 2021. The annual average interest rate on the interest-bearing account in the RGK is 0 per cent (0).

Depreciation has increased by SEK 1.3 million or 0.4 per cent compared to 2020.

<b>Research and education at doctoral level, SEK millions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Revenue</b>			
Direct Government funding	2 084,5	2 155,8	2 234,7
Fees and other remuneration	573,5	705,0	732,6
Grants	3 250,4	3 220,7	3 319,4
Financial income	54,4	41,0	52,5
<b>Total revenue</b>	<b>5 962,8</b>	<b>6 122,5</b>	<b>6 339,2</b>
<b>Costs</b>			
Staff costs	2 968,9	3 033,8	3 170,5
Premises costs	871,7	882,3	860,9
Other operating costs	1 863,3	1 849,9	1 805,2
Financial expenses	18,7	57,1	6,4
Depreciation	304,7	313,3	314,6
<b>Total costs</b>	<b>6 027,3</b>	<b>6 136,4</b>	<b>6 157,6</b>
<b>Transfers</b>			
Government funding	15,3	13,5	13,8
Funding from other government agencies	60,8	41,6	65,7
Other funds	120,4	124,2	107,0
Grants distributed	-196,5	-179,3	-186,5
<b>Change in capital</b>			
Annual	-64,5	-13,9	181,6
Capitalised change in capital (IB)	1 373,2	1 308,7	1 294,8
<b>Total balance carried forward</b>	<b>1 308,7</b>	<b>1 294,8</b>	<b>1 476,4</b>

## Asset Management

KI manages donations from private individuals intended for medical sciences at KI. These donations are divided into:

1. Endowment funds, which are included in KI's financial reporting.
2. Independent foundations, which are separate legal entities, whose administration is tied to KI.

For the endowment funds which are managed and reported within KI, both the yield and capital may be utilised. The foundations are separate legal entities and produce their own annual reports. The yield from the foundations that is distributed to KI is reported as external grants in KI's accounts. The accounts of KI's foundations are presented in summary so as to provide a complete picture of KI's donation assets, regardless of their legal form of incorporation.



## Endowment funds

The market value at year-end was approximately SEK 294 million (SEK 236 million).

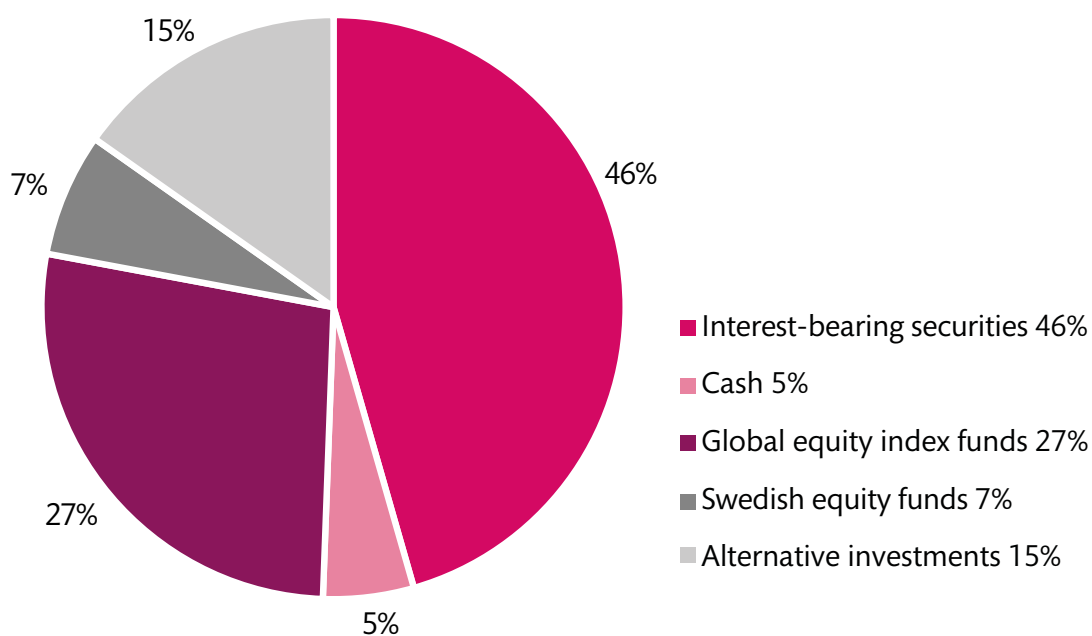
In 2021, net inflows (difference between purchased and sold funds) amounted to SEK

70.4 million (-38.9 million) and the change in value amounted to SEK -12.9 million (35.1 million).

During the year, inflows through donations and dividends from financial investments have exceeded outflows through research grants, resulting in a positive result of SEK 40.5 million (0.7 million).

The nominal return for the portfolio totalled 12.1 per cent. The return on Swedish shares was very good, totalling 38.8 per cent for the year. Foreign share holdings also performed well, with a total return of 31.1 per cent. Interest-bearing assets returned 0.9 per cent and alternative assets 0.6 per cent.

## Fund portfolio allocation 30-12-2021\*



\*Excluding the MWLC portfolio which is invested in two separate portfolios of interest-bearing securities.

The nominal as well as the real yield were thus higher than the yield requirement (nominal yield requirement is the risk-free interest rate plus two per cent and real yield requirement is two per cent). The return target is also met in the long term. The table below shows the returns over the last five years.

The relative return during the year was clearly higher than the comparative index, mainly due to the good performance of equities.

<b>Return compared to benchmark</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
KI Funds	14,3	2,4	12,1
<b>Benchmark index</b>	<b>11,9</b>	<b>3,3</b>	<b>9,5</b>
Deviation	2,4	-0,9	2,6

Returns are stated net, i.e., including dividends and deductions for management costs. Share indices are stated including reinvested dividends.

<b>Comparison index for endowment fund investments 2021</b>		
Swedish interest bearing	OMRX Bond	30%
Swedish shares	SBX-CAP Etiskt	8%
<b>Emerging Markets</b>	<b>MSCI EM NR USD</b>	<b>16%</b>
Developed Markets	MSCI AXWI SEB	16%
<b>Alternative investments</b>	<b>OMRX T-bill + 3%</b>	<b>30%</b>

The donation for the Ming Wai Lau Centre (MWLC) has been invested in two separate portfolios, denominated in SEK and USD respectively, which solely contain interest-bearing securities.

Interest-bearing investments for MWLC have had an overall positive yield, despite the prevailing low interest rates. The Swedish donation funds had a return of 0.3 per cent. Market value at year-end amounted to approximately SEK 52 million. The donation funds in USD had a return of 0.4 per cent. The market value at year-end was approximately SEK 14 million in USD.

<b>Distributions from KI's endowment funds, SEK millions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Research grants	66,6	76,7	63,2
Travel grants	0,4	0,1	-0,1
Undergraduate education	0,9	0,3	0,1
Other	0,0	0,0	0,0
<b>Total</b>	<b>67,9</b>	<b>77,1</b>	<b>63,2</b>

<b>MWLC donation fund 2019-2021, SEK millions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Distributions	76,7	46,8	36,6
<b>Total</b>	<b>76,7</b>	<b>46,8</b>	<b>36,6</b>

## KI Foundations

There are 167 foundations (167) at Karolinska Institutet for which the management is tied to KI. The purpose of the foundations is to promote medical research and education in the field of medicine. During the year, 6 (1) foundations were closed and all their capital was used to fulfil their purpose. The foundations were closed following a decision by the Legal, Financial and Administrative Services Agency or KI's Research Committee. During the year, 0 (1) new foundations were created.

New gifts and donations totalling SEK 10.9 million (SEK 3.9 million) have been received, which have been added to Foundations.

Of the previously awarded research grants and grants to cover travel expenses, SEK 778 thousand (SEK 218 thousand) was reversed.

The result for the year amounted to SEK 143.1 million (SEK 186 million), of which SEK 81 million (SEK 124 million) related to capital gains in connection with the sale and reinvestment of financial securities holdings, and SEK 62 million (SEK 62 million) gains on management funds. The management costs include the cost for 1.85 employees (FTEs). The fluctuation in grants awarded is due to the fact that KI Research Grants are announced every two years.

<b>Foundations, SEK million</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Capital fund	2 231,0	2 232,3	2 615,7
<b>Grants awarded</b>	<b>18,4</b>	<b>62,1</b>	<b>23</b>

# Statement of financial performance and Balance Sheet

## Statement of financial performance (SEK thousands)

	Outcome	Outcome
	202101	202001
	202112	202012
<b>Operating revenue</b>		
Direct government funding	3 273 700	3 176 817
Revenue from fees and other remunerations	883 718	840 767
Revenue from grants	3 349 692	3 263 307
Financial income	52 520	41 031
<b>Total Revenue</b>	<b>7 559 629</b>	<b>7 321 923</b>
<b>Operating expenses</b>		
Staff costs	-3 865 071	-3 697 951
Premises costs	-963 997	-982 472
Other operating expenses	-2 195 146	-2 221 053
Financial expenses	-6 575	-57 087
Depreciation	-340 940	-340 543
<b>Total Costs</b>	<b>-7 371 728</b>	<b>-7 299 106</b>
<b>Operating profit/loss</b>	<b>187 901</b>	<b>22 817</b>
<b>Profit/loss of holdings in associated companies and subsidiaries</b>	<b>0</b>	<b>0</b>
<b>Transfers</b>		
Funding received from the Government budget for grant financing	13 802	13 519
Funding received from other government agencies for grant financing	65 723	41 618
Other funds received for grant financing	106 985	124 194
Låmnade bidrag	-186 511	-179 331
<b>Balance</b>	<b>0</b>	<b>0</b>
<b>Change in capital for the year</b>	<b>187 901</b>	<b>22 817</b>

## Balance sheet (SEK thousands)

<b>Assets</b>	<b>202112</b>	<b>202012</b>
<b>Intangible fixed Assets</b>		
Capitalised expenditure for development	200	769
Rights and other intangible fixed assets	1 678	2 337
<b>Total Intangible fixed assets</b>	<b>1 877</b>	<b>3 106</b>
<b>Tangible fixed assets</b>		
Expenditure for improvements to leased property	214 971	218 367
Machinery, equipment, installations, etc.	1 032 145	1 139 945
Fixed assets under construction	41 913	90 880
<b>Total Tangible assets</b>	<b>1 289 028</b>	<b>1 449 191</b>
<b>Financial fixed assets</b>		
Holdings in associated companies and subsidiaries	20 000	19 000
Other long-term securities holdings	398 440	389 480
Other long-term receivables	2 250	2 049
<b>Total Financial fixed assets</b>	<b>420 690</b>	<b>410 529</b>
<b>Receivables</b>		
Accounts receivable	212 119	182 753
Receivables from other government agencies	132 681	141 238
Other receivables	1 312	1 922
<b>Total Receivables</b>	<b>346 113</b>	<b>325 913</b>
<b>Cut-off items</b>		
Prepaid expenses	239 316	244 869
Accrued grant revenue	461 685	503 838
Other accrued revenue	6 428	7 612
<b>Total Cut-off items</b>	<b>707 430</b>	<b>756 320</b>
<b>Settlements with the Government</b>		
Settlements with the Government	-38 152	-19 728
<b>Total Settlements with the Government</b>	<b>-38 152</b>	<b>-19 728</b>
<b>Cash and bank balances</b>		
Balance of the interest-bearing account with the Swedish National Debt Office	4 896 623	4 205 657
Cash and bank	130 829	138 056
<b>Total Cash and Bank</b>	<b>5 027 452</b>	<b>4 343 713</b>
<b>Total Assets</b>	<b>7 754 437</b>	<b>7 269 045</b>

## Balance sheet (SEK thousands)

<b>Capital and liabilities</b>	<b>202112</b>	<b>202012</b>
<b>Agency capital</b>		
Government capital	20 000	19 000
Shares of earnings in associated companies and subsidiaries	0	0
Capital brought forward	1 544 598	1 521 781
Change in capital and reserves per financial performance statement	187 901	22 817
<b>Total agency capital</b>	<b>1 752 498</b>	<b>1 563 598</b>
<b>Provisions</b>		
Provisions for pensions, etc.	2 347	2 996
Other provisions	42 257	44 060
<b>Total Provisions</b>	<b>44 604</b>	<b>47 056</b>
<b>Liabilities, etc.</b>		
Loans at the Swedish National Debt Office	1 050 720	1 183 025
Liabilities to other Government agencies	160 592	103 896
Accounts payable	261 666	150 215
Other liabilities	107 501	114 044
<b>Total Liabilities, etc.</b>	<b>1 580 478</b>	<b>1 551 181</b>
<b>Cut-off items</b>		
Accrued expenses	198 344	199 877
Unexpended grants	3 817 053	3 522 985
Other cut-off items	361 459	384 349
<b>Total Cut-off items</b>	<b>4 376 856</b>	<b>4 107 210</b>
<b>Total Liabilities, etc</b>	<b>7 754 437</b>	<b>7 269 045</b>
<b>Contingent liabilities</b>		
Other contingent liabilities	153 110	50 900
<b>Total Contingent liabilities</b>	<b>153 110</b>	<b>50 900</b>

# Karolinska Institutet Financial Summary 2021

Cover photo: Getty Images

Compiled by:  
The Central Administration, Karolinska Institutet

Published by:  
Karolinska Institutet  
171 77 Stockholm

ki.se



**Karolinska  
Institutet**