

Financial Summary



2023



A medical university



Financial report¹

Karolinska Institutet's (KI's) revenue increased by 6.8 per cent compared to 2022, to SEK 8,399 million (7,863 million). This increase is reflected in all revenue streams. Research accounted for 85 per cent (84 per cent) of total revenue and thus a significant part of KI's activities.

The change in capital for the year is positive, amounting to SEK 254.8 million (165.5 million). This increase is attributable to research activities, at SEK 277.9 million (197.6 million), while education activities showed a negative capital change of SEK -23.1 million (-31.8 million).

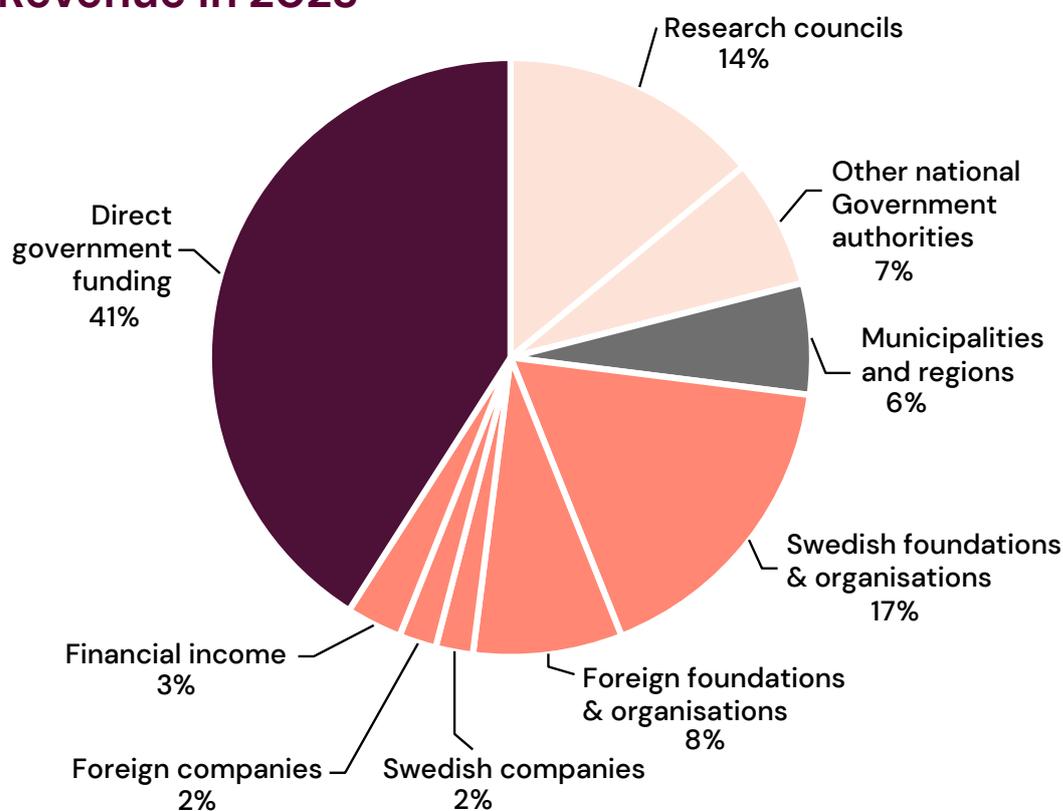
Funding sources

The diagram below shows how KI's operations were funded during 2023 by category of financier.

In total, government funding accounted for 62 per cent, down 2 per cent on 2022.

The category with the highest percentage increase is financial income, due to rising interest rates during 2023.

Revenue in 2023



The largest external financiers are listed in Table 9 in the Tables Appendix.

¹ Unless otherwise stated, the source in this chapter is the Unit 4 ERP. Last year's figures are presented in parenthesis.

Results by activity: education and research

Income statement by branch of operation 2023 (SEK million)

	Total	Education at bachelor's and master's level	Research and education at doctoral level
Income			
Direct government funding	3 349,0	1 063,9	2 285,1
Fees and other remuneration	1 054,9	179,7	875,2
Grants	3 735,0	36,0	3 699,1
Financial income	260,4	0,0	260,4
Total income	8 399,3	1 279,6	7 119,7
Costs			
Staff costs	4 215,6	735,1	3 480,6
Premises costs	1 074,3	132,8	941,6
Other operating costs	2 470,3	410,5	2 059,8
Financial expenses	69,7	0,5	69,2
Depreciation	314,6	23,9	290,7
Total costs	8 144,6	1 302,7	6 841,9
Change in capital for the year (excl. subsidiaries)	254,8	-23,1	277,9
Results from shares in wholly or partly owned companies	0,0		
Change in capital for the year (incl. subsidiaries)	254,8		
Capitalised change in capital (IB)	1 919,9	224,3	1 673,6
Total balance carried forward (UB)	2 174,7	201,1	1 951,5

The year's positive change in capital of SEK 254.8 million (165.4 million) consists of a negative capital change in operations related education at bachelor's level and master's level of SEK -23.1 million (-31.8 million) and a change in capital in operations related to research and education at doctoral level of SEK 277.9 million (197.2 million).

The negative change in capital in education is associated with all forms of funding, i.e., central government funding, grants and fees. KI did not reach the funding cap for education, meaning that central government funding carried forward now amounts to SEK 73.7 million (61.8 million). The outcome is slightly lower than forecast in the autumn and, in 2024, KI expects to reach the funding cap and then to produce in excess of the funding cap in subsequent years.

In research, operations funded by direct government funding and grants have both seen a positive change in capital, while contract research has seen a negative change in capital. The negative change in capital is the result of active efforts to reduce the accumulated surplus over the course of the year.

Research activities also include the financial results of asset management at SEK 30.7 million (-13.2 million).

Net advances from external funders and liquid assets

Unused grant revenue and contract assignment revenues relate to expenses not yet incurred for externally funded activities where the funders pay remuneration in advance. Accrued grant revenues and revenues from contract education refer to accrued costs for grant and contract activities in progress where the funder pays in arrears according to the agreement/contract.

The table below shows the development of these advance payments from grants and contract activities less work in progress invoiced/requisitioned retrospectively, as well as liquid assets.

Liquid assets increased by SEK 565 million compared to 2022, which is explained by changes in net advances, accounts payable and increased liquidity in the portfolio for the Ming Wai Lau Centre for Reporative Medicine (MWLC). During 2023, KI has also received interest on its account balance with the Swedish National Debt Office.

Net advances and liquid assets, SEK million

	2021	2022	2023
Unused grants	3 817	3 884	4 120
Prepaid contract revenue	327	337	294
Accrued grant revenue	-462	-468	-443
Accrued contract education revenue	-5	-9	-8
Net advance	3 678	3 744	3 963
Liquid assets, bank and National Debt Office	5 027	5 364	5 929

Loans with the Swedish National Debt Office

Each year, loans are taken out with the Swedish National Debt Office for the fixed assets financed with central government funding. This occurs at least twice a year, with the final occasion being in December for investments made up until the end of November, including a forecast for December. At the same time, the debt is amortised in an amount corresponding to the year's depreciation and write-offs.

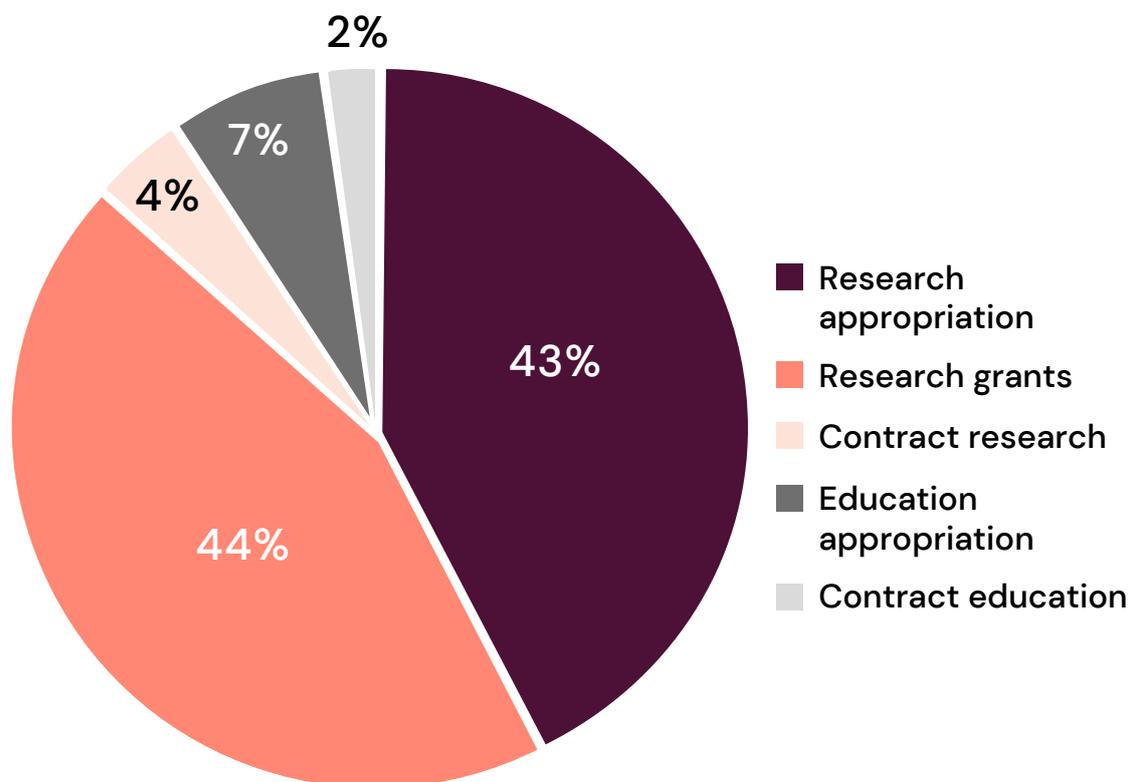
During 2023, new investments were made to a value of SEK 180 million, while depreciation amounted to SEK 231 million. KI's total debt with the Swedish National Debt Office is SEK 892 million. The debt limit for 2023 is SEK 1,039 million. In 2023, the annual average interest rate was 3.5 per cent (0.76 per cent).

Agency capital

Accumulated agency capital, including the change in capital during the year, amounts to SEK 2,175 million (1,918 million), broken down as follows: subsidiaries SEK 22 million (21 million), asset management SEK 179 million (148 million), and regular operations SEK 1,974 million (1,748 million). See also Notes 10 and 27.

Agency capital has increased in both central-government-financed and grant-financed research. Agency capital in contract research and education decreased during 2023 due to a concerted effort during the year to get to grips with the surplus.

Agency capital



Education at bachelor's and master's level

In 2023, KI showed a change in capital of -23.1 million, mostly attributable to a significant increase in costs for premises. Contract education activities have declined somewhat on both the income and costs side with the net result of a negative change in capital, which is according to plan as there is an accumulated surplus to be used.

Revenue

Available funds in 2023 amounted to SEK 863.9 million, made up of the annual funding cap plus central government funding carried forward from 2022. The outcome, including the annual performance equivalent from December 2022, means that KI has underproduced, increasing the amount of central government funding carried forward, which as of the end of 2023 amounted to SEK 73.7 million. Direct government funding has been adjusted for prices and salaries by 1.39 per cent (1.06 per cent).

Operations within the framework of ALF agreements are reported in the section on collaboration on clinical education and research. ALF funding is reported as direct government funding.

Income from grants largely consists of funds transferred from other government agencies to KI for education activities in accordance with each agency's appropriation directions.

Costs

Costs associated with education increased by 1 per cent compared to 2022.

Staff costs for education decreased by 1 per cent, unlike KI as a whole where staff costs increased. This is because fewer staff resources have been allocated to education during 2023.

Education activities account for 16 per cent of KI's total costs. Costs associated with teaching premises increased by 19 per cent. This increase can be explained by a combination of greater utilisation of teaching premises, as teaching activities increasingly returned to campus post-pandemic, and more expensive leases.

Other operating costs increased by 2 per cent, which is in line with income.

Depreciation decreased by 12 per cent.

Education at bachelor's and master's level, in SEK million

	2021	2022	2023
Income			
Direct government funding	1 039,0	1 049,2	1 063,9
Fees and other remuneration	151,1	169,5	179,7
Grants	30,3	34,5	36,0
Financial income	0,0	0,0	0,0
Total income	1 220,4	1 253,2	1 279,6
Costs			
Staff costs	694,6	741,8	735,1
Premises costs	103,1	111,8	132,8
Other operating costs	389,9	404,2	410,5
Financial expenses	0,2	0,1	0,5
Depreciation	26,3	27,2	23,9
Total costs	1 214,1	1 285,0	1 302,7
Transfers			
Direct government funding	0,0	0,0	0,0
Funding from other government agencies	0,0	0,0	0,0
Other funding	0,0	0,0	0,0
Grants disbursed	0,0	0,0	0,0
Change in capital			
Annual	6.3	-31.8	-23.1
Capitalised change in capital (IB)	249.8	256.1	224.3
Total balance carried forward (UB)	256.1	224.3	201.1

Research and education at doctoral level

Income increased by 7 per cent compared to 2022. All types of costs increased with the exception of depreciation, which decreased.

Income

Research revenue amounted to SEK 7,122.6 million (6,609 million). Direct government funding increased by 34.7 million compared with 2022, corresponding to the allocation of funds stated in KI's appropriation directions for the budget year 2023.

Direct government funding has been adjusted for prices and salaries by 1.39 per cent (1.06 per cent).

Operations within the framework of ALF agreements are reported in the section on collaboration on clinical education and research.

Fees and other remuneration increased by 14.8 per cent, largely explained by the operations of KI Housing AB, which became part of KI at the beginning of 2023.

Grant revenue increased by 5 per cent compared to 2022 at the same time as prepaid grant income increased slightly, indicating a stable level over the coming years. The largest funders of grants are listed in Table 9.

Financial revenue increased as interest rates paid by the Swedish National Debt Office on KI's account balance increased significantly. In 2023, the annual average interest rate for interest-bearing accounts with the Swedish National Debt Office was 3.5 per cent (0.76 per cent). Accrued interest from the Swedish National Debt Office was SEK 190.2 million (39 million). Other financial income mainly consists of capital gains and appreciation of financial fixed assets.

Costs

Total annual costs for research and education at doctorate level increased by 6.7 per cent year over year.

Staff costs increased by 7.3 per cent compared to 2022. A salary review commenced during the year but has not been completed. As revised salaries will apply retroactively from October, a reservation has been made for an anticipated outcome of 4.1 per cent for the last three months of the year. The number of full-time equivalents increased by 2.4 per cent compared to 2022.

Costs for premises increased compared to 2022 while the area of premises decreased marginally year over year. This is largely explained by the fact that from 2023, KI's costs include KI Housing AB's leases on accommodation for international students and guest researchers.

Operating costs increased by 6.9 per cent. Costs associated with conferences and business travel have increased, as have fees for cofinanced services and analysis costs. A stocktake was conducted during the year, leading to a number of write-offs that have increased operating costs. See also Note 7.

Financial costs increased by SEK 28.5 million, largely due to unfavourable exchange rates and higher interest on loans. Interest on loans with the Swedish National Debt Office amounted to SEK 33.2 million, an increase of 25.8 million compared to 2022. The annual average interest rate for interest-bearing accounts with the Swedish National Debt Office was 3.5 per cent (0.76 per cent).

Depreciation decreased by SEK 9.1 million in 2023 compared to 2022.

Research and education at doctorate level (including asset management), SEK million

	2021	2022	2023
Income			
Direct government funding	2 234,7	2 253,2	2 285,1
Fees and other remuneration	732,6	762,6	875,2
Grants	3 319,4	3 522,9	3 699,1
Financial income	52,5	70,9	260,4
Total income	6 339,2	6 609,6	7 119,7
Costs			
Staff costs	3 170,5	3 245,1	3 480,6
Premises costs	860,9	896,5	941,6
Other operating costs	1 805,2	1 930,2	2 059,8
Financial expenses	6,4	40,7	69,2
Depreciation	314,6	299,8	290,7
Total costs	6 157,6	6 412,3	6 841,9
Transfers			
Direct government funding	13,8	17,9	17,6
Funding from other government agencies	65,7	65,1	80,4
Other funding	107,0	116,2	98,8
Grants disbursed	-186,5	-199,2	-196,8
Change in capital			
Annual	181,6	197,2	277,9
Capitalised change in capital (IB)	1 294,8	1 476,4	1 673,6
Total balance carried forward (UB)	1 476,4	1 673,6	1 951,5

Asset management

KI manages individual donations to medical science at the institution. These donations can be divided into the following categories:

1. Endowment funds, which are included in KI's financial reporting.
2. Independent foundations that are separate legal entities the management of which 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 closing market value was approximately SEK 406 million (307 million).

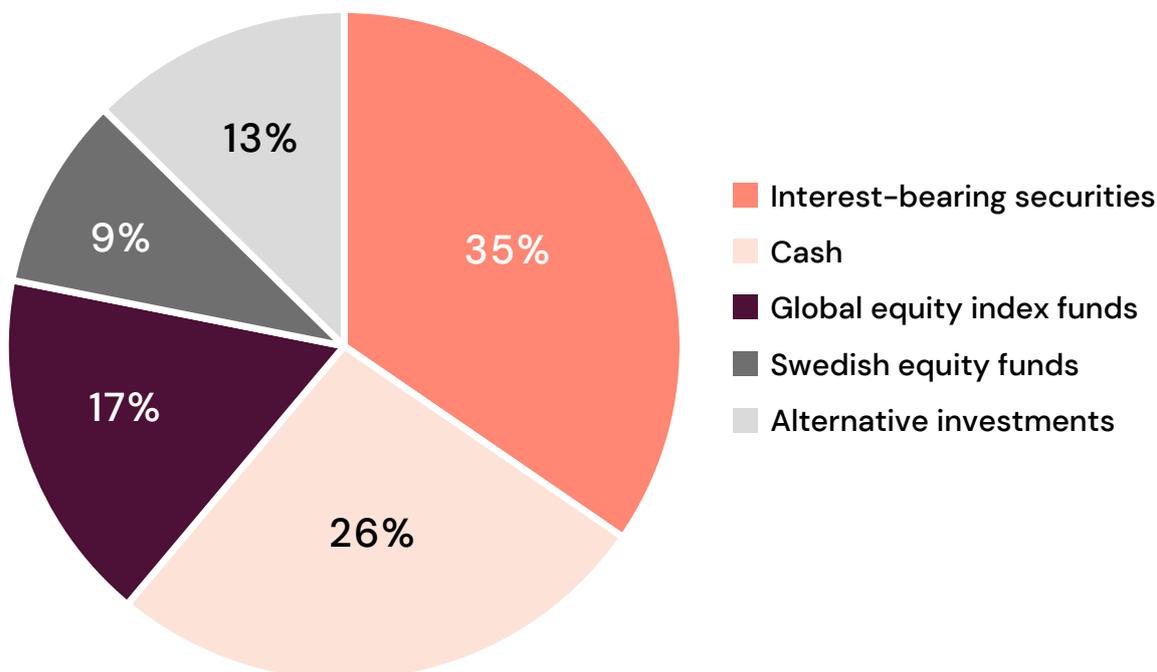
Net inflow in 2023 was SEK 15.2 million (2.8 million) and the change in value amounted to SEK 82.9 million (11.2 million).

During the year, inflow from donations and return on investment exceeded the outflow of research grants and capital gains and dividends have contributed to a positive net inflow of SEK 32.3 million (31.3 million).

The nominal rate of return for the entire portfolio was 10.2 per cent. All types of asset contributed to the positive result. Both Swedish and foreign shareholdings returned over 20 per cent during the year. Even interest-bearing accounts, which have long been burdened by low interest rates, contributed an annual return of 8.2 per cent. There was a more modest return of 2.9 per cent on alternative investments.

Both the nominal and real rate of return exceeded the cost of capital by some margin (for the nominal rate of return, the risk-free interest rate plus 2 per cent; and for the real rate of return, 2 per cent). In the long-term too the portfolio has reached its nominal rate of return by a good margin and, despite high inflation during the past year, the real rate of return reached the cost of capital over the last five years. The table below shows the return on investment during the last three years.

Fund portfolio allocation



Return on investment compared to reference index

	2021	2022	2023
KI Funds	12.1	-5.6	10.2
Reference index	9.5	-3.1	8.6
Deviation	2.6	-2.4	1.6

Comparison index for fund investments 2023

Swedish interest-bearing	OMRX Bond	30%
Swedish shares	SBX-CAP Ethical	8%
Emerging markets	MSCI EM NR USD	16%
Developed markets	MSCI AXWI SEB	16%
Alternative investments	OMRX T-bill + 3%	30%

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

Interest-bearing investments in the MWLC have had an overall positive return during the year. The return on Swedish donation funds was 3.4 per cent. The year-end market value was approximately SEK 60 million. The return on donation funds held in USD was 5 per cent. The year-end market value was approximately SEK 6.7 million. The remaining funding for the MWLC will be transferred to the regular management of donations when operations in Hong Kong are discontinued.

Disbursement from KI's endowment funds 2021–2023, SEK million

	2021	2022	2023
Research grants	63.2	40.0	120.9
Travel grants	-0.1	0.7	-0.1
Undergraduate education	0.1	0.1	0.4
Other	0.0	0.0	0.0
Total	63.2	40.8	121.2

MWLC donation 2021–2023, SEK million

	2021	2022	2023
Distributions	36.6	38.3	21.0
Total	36.6	38.3	21.0

KI Foundations

KI is involved in the management of 155 (161) foundations. The purpose of these foundations is to promote medical research and education. Six small foundations have been wound-up during the year.

New gifts and donations to a value of SEK 26.1 million (28.1 million) have been received and the funds transferred to existing foundations.

Previously awarded research and travel grants to a value of SEK 675,000 (118,000) have been reimbursed.

The surplus for the year was SEK 188 million (71.8 million), of which SEK 119.2 million (0) was attributable to capital gains from the sale of securities and SEK 68.8 million (71.8 million) to funds under management.

Management costs included 2.0 full-time equivalents (FTEs) and 25 per cent of KI's total costs for the KI Prisma application system.

In accordance with the purpose of the foundations, grants for SEK 30.3 million (83.7 million) were awarded during 2023, of which SEK 0.7 million (1.9 million) was committed capital. The fluctuation between years is because Karolinska Institutet only calls for grant applications every other year, and a call was announced in 2022. The amount granted from the foundations within the framework of the call was SEK 58 million, half of which was paid out in 2022 while the other half was posted as a deferred cost that was "decided but not yet disbursed".

Foundations, SEK million			
	2021	2022	2023
Capital fund	2 615,7	2 359,0	2 658,8
Grants awarded	23	83.7	30.3

Statement of financial performance and Balance Sheet

Income Statement (SEK thousand)

	Result	Result
	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Operating revenue		
Direct government funding	3 349 040	3 302 469
Revenue from fees and other remunerations	1 054 905	932 058
Revenue from grants	3 735 023	3 557 365
Financial income	260 375	70 860
Total income	8 399 343	7 862 752
Operating costs		
Staff costs	-4 215 644	-3 986 844
Costs for premises	-1 074 345	-1 008 325
Other operating costs	-2 470 268	-2 334 369
Financial expenses	-69 711	-40 861
Depreciation and write-downs	-314 616	-326 952
Total costs	-8 144 584	-7 697 350
Transfers (Note 9)		
unds received from the Government budget for grant financing	17 586	17 897
Funds received from other government agencies for grant financing	80 395	65 095
Other funds received for grant financing	98 834	116 188
Grants disbursed	-196 815	-199 180
Balance	0	0
CHANGE IN CAPITAL FOR THE YEAR	254 758	165 402

Balance sheet (SEK thousands)

Assets	202312	202212
Intangible fixed assets		
Capitalised development expenditure	0	0
Rights and other intangible fixed assets	358	1,018
Total intangible fixed assets	358	1,018
Tangible fixed assets		
Expenditure for improvements to leased property	193 860	205 694
Machinery, inventory, installations, etc.	897 509	871 114
Fixed assets under construction	5 222	101 887
Total tangible fixed assets	1 096 590	1 178 695
Financial fixed assets		
Holdings in associated companies and subsidiaries	22 000	21 000
Other long-term securities holdings	314 351	355 881
Other long-term receivables	3 416	3 556
Total financial fixed assets	339 767	380 437
Short-term receivables		
Accounts receivable	217 499	222 534
Receivables from other government agencies	146 349	150 084
Other short-term receivables	899	4 861
Total short-term receivables	364 747	377 478
Prepayments and accrued income		
Prepaid expenses	288 412	288 731
Accrued grant income	443 413	468 346
Other accrued revenue	29 655	12 433
Total accruals and deferrals	761 479	769 510
Settlements with the Government		
Settlements with the Government	--73 711	-61 770
Total Settlements with the Government	-73 711	-61 770
Cash and bank balances		
Balance in interest-bearing account with the Swedish National Debt Office	5 780 610	5,198,468
Cash and bank	148 596	5 198 468
Total Cash and bank balances	5 929 206	5 364 042
Total Assets	8 418 436	8 009 410

Balance sheet (SEK thousands)

Capital and liabilities	202312	202212
Agency capital		
Government capital	22 000	21 000
Capital brought forward	1 897 900	1 732 498
Change in capital and reserves per financial performance statement	254 758	165 402
Total agency capital	2 174 659	1 918 900
Provisions		
Provisions for pensions and similar commitments	1 979	3 078
Other provisions	33 980	41 527
Total provisions	35 959	44 605
Liabilities		
Loans from the Swedish National Debt Office	892 155	942 660
Current liabilities to other government agencies	176 272	183 386
Accounts payable	315 996	352 206
Other current liabilities	150 576	134 021
Total Liabilities	1 534 999	1 612 273
Cut-off items		
Accrued expenses	230 599	189 918
Unexpended grants	4 120 172	3 884 088
Other cut-off items	322 049	359 626
Total accruals and deferrals	4 672 820	4 433 632
Total Capital and liabilities	8 418 436	8 009 410
Contingent liabilities		
Other contingent liabilities	10 800	33 420
Total contingent liabilities	10 800	33 420



**Karolinska
Institutet**

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