



2022

A medical university



Karolinska Institutet's Financial Summary for 2022¹

Karolinska Institutet's (KI) revenues have increased by 4 per cent since 2021 and amount to SEK 7,863 million (SEK 7,560 million). This increase occurred across all revenue streams. Research activities comprise 84 per cent of the total revenue and therefore research is a significant part of KI's activities.

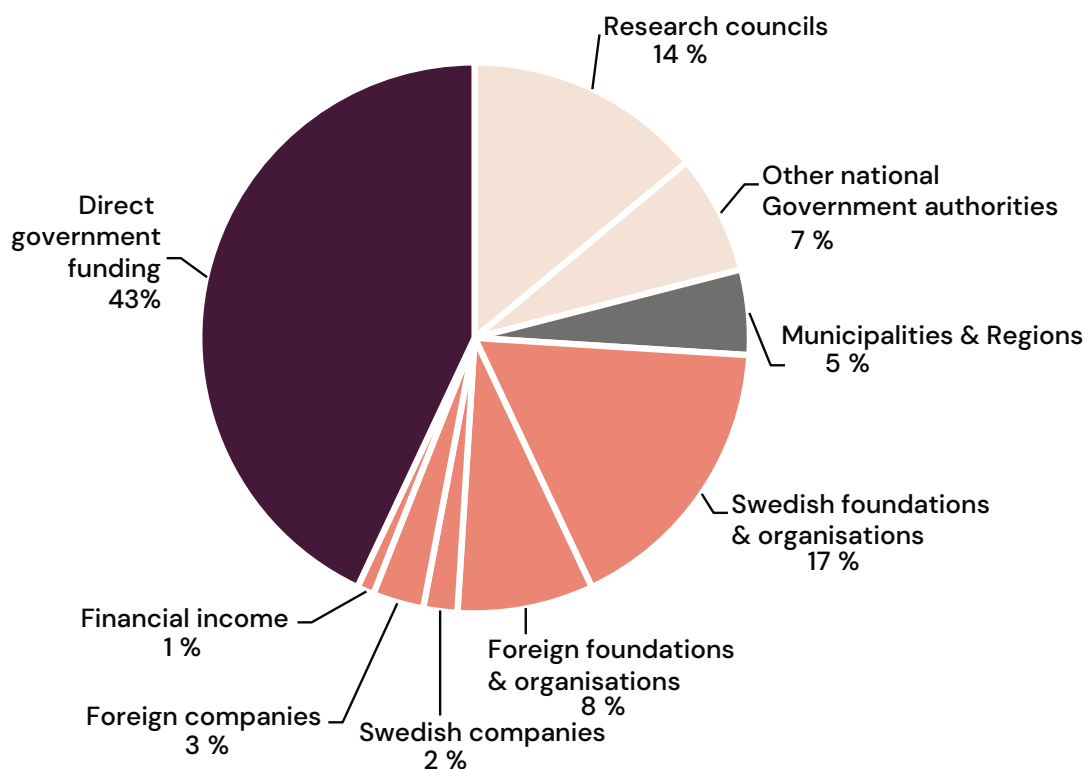
The change in capital for the year is positive, amounting to SEK 165.5 million (SEK 187.9 million). The positive change in capital is attributable to research activities with SEK 197.6 million, while education activities have a negative change in capital of SEK -31.8 million (SEK 181.6 million).

Funding sources

The diagram below shows how KI's activities for 2022 were financed, divided into categories by type of funder. The total government funding of KI's activities amounts to 64 per cent, which is an increase of one percentage point compared to 2021. The increase is reflected in the category other national government funders.

The corresponding decrease, one per cent, is attributed to Swedish companies.

Revenue in 2022, total SEK 7,863 million



¹ This chapter is the source Unit4 Business World business system, unless otherwise stated. Last year's figures are presented in brackets.

Surplus/deficit per activity: education and research

Statement of financial performance per activity unit 2022, SEK millions

	Total	Education at bachelor's and master's level	Research and education at doctoral level
Revenue			
Direct Government funding	3 302,5	1 049,2	2 253,2
Fees and other remuneration	932,1	169,5	762,6
Grants	3 557,4	34,5	3 522,9
Financial income	70,9	0,0	70,9
Total revenue	7 862,8	1 253,2	6 609,6
Costs			
Staff costs	3 986,8	741,8	3 245,1
Premises costs	1 008,3	111,8	896,5
Other operating costs	2 334,4	404,2	1 930,2
Financial expenses	40,9	0,1	40,7
Depreciation	327,0	27,2	299,8
Total costs	7 697,4	1 285,0	6 412,3
Change in capital for the year (excl. subsidiaries)	165,4	-31,8	197,2
Result from ownership interests in subsidiaries and associated companies	0,0		
Change in capital for the year (incl. subsidiaries)	165,4		
Capitalised change in capital (IB)	1 753,5	256,1	1 476,4
Total balance carried forward (UB)	1 918,9	224,3	1 673,6

This year's positive change in capital, amounting to SEK 165.4 million (SEK 187.9 million), consists of a negative change in capital of SEK -31.8 million (SEK 6.3 million) within education at bachelor's level and master's level and a change in capital of SEK 197.2 million (SEK 181.6 million) within research and education at doctoral level.

The negative change in capital for education is linked to education funded by both direct government funding and fees. The funding cap was not reached, resulting in an increase in the final savings of appropriations, which now amount to SEK 61.8 million (SEK 38.1 million). The outcome is slightly higher than the forecast submitted in the autumn, but the direct government funding savings are expected to decrease from 2023 onwards.

Within research, activities funded by direct government funding and grants have had a positive change in capital, while contract research funded-activities have had a negative change in capital.

The research activities also include the financial results from asset management, to the amount of SEK -13.2 million (9.5 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 advances from grants received and contract education activities less work in progress invoiced/requested retrospectively, as well as liquid assets.

Bank deposits and other liquid assets have decreased slightly compared to 2021, which was expected as the pandemic had a positive effect on bank deposits and other liquid assets. Bank deposits and other liquid assets are essentially at the same level as the annual consumption of grants.

Liquid assets have increased compared to 2022 and can be explained by changes in net advances, accounts payable, current liabilities and increased liquidity in the portfolios of the Ming Wai Lau Centre for Reparative Medicine. In 2022, KI has also started to receive interest revenue on its balance at the Swedish National Debt Office (RGK), which has a positive impact on liquid assets.

Net advances and liquid assets, SEK million

	2020	2021	2022
Unused grants	3 523	3 817	3 884
Prepaid contract revenue	355	327	337
Accrued grant revenue	-504	-462	-468
Accrued contract education revenue	-3	-5	-9
Net advance	3 370	3 678	3 744
Bank deposits, liquid assets and the Swedish National Debt Office	4 344	5 027	5 364

Loans from the Swedish National Debt Office

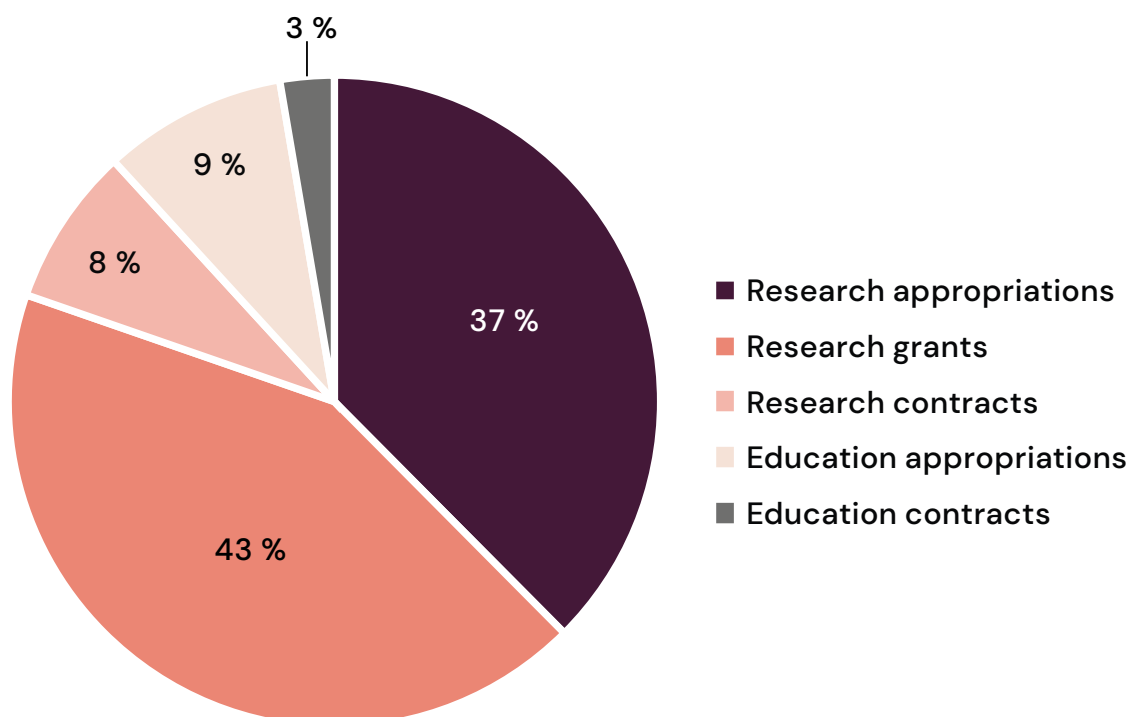
Every year loans are taken from the Swedish National Debt Office (RGK) for the fixed assets that are funded by the government. This takes place at least twice a year, with the last occasion being in December, on investments made up to the end of November, including a forecast for December. At the time of borrowing, amortisation corresponding to depreciation and retirements of assets for the year takes place at the same time. In 2022, new investments corresponding to SEK 121.6 million have been made and reported depreciation has amounted to SEK 229.6 million. The total loan debt in RGK is SEK 942.6 million. The loan limit for 2022 was SEK 1,170 million. The annual average interest rate for 2022 was 0.77 per cent (0 per cent).

Agency capital

The accumulated agency capital including the change in capital during the year, amounts to SEK 1,918 million (SEK 1,753 million), broken down into subsidiaries, SEK 21 million (SEK 20 million), asset management, SEK 148 million (SEK 161 million) and regular activities SEK 1,748 million (SEK 1,571 million).

Agency capital has increased within research funded by both direct government funding and fees. Agency capital has decreased slightly in 2022 within contract research funded by direct government funding. KI has taken the decision to conduct a review of contract research in 2023 in order to develop a plan to reduce the surplus in the organisation over the next few years.

Agency capital



Education at bachelor's and master's level

KI shows a negative change in capital for 2022, which is explained by the fact that costs have increased in all categories, while direct government funding has not increased at the same rate. Contract education activities have increased during the year, but revenue from contract education has not increased to the same extent as costs, which is in line with planned activities as there is an accumulated surplus to be utilised.

Revenue

The available funds in 2022, that is to say the funding cap for the year along with the opening direct government funding savings from 2021, amount to SEK 842.4 million. The outcome, including annual performance equivalents (HPR) from December 2021, means that KI has under-produced and increased its appropriation savings. The end-of-year government funding savings at the end of 2022 amounted to SEK 61.8 million.

Direct national government funding has been adjusted for prices and salary translation by 1.06 per cent (1.72 per cent).

Activities within the framework of the ALF agreement are reported in the section on Cooperation in clinical education and research. ALF funds are recognised as direct national government funding revenue.

Revenue from direct national government funding consists mainly of direct national government funds from other national government agencies transferred to KI for activities related to its educational programmes, in accordance with each respective public agency's spending authorisation.

Costs

Costs for educational activities have increased by 5.8 per cent for the year compared to 2021.

Personnel costs will increase by 4.4 per cent, which is higher than for KI as a whole and can be explained by the fact that more resources in the form of staff have been allocated to education in 2022.

Educational activities account for 16.5 per cent of KI's overall expenses. Costs related to premises for education have increased by 8.4 per cent. This increase in expenses can be explained by an increase in the utilisation rate of educational premises as a result of teaching being conducted on site to a greater extent in 2022 than in 2021.

Depreciation is at the same level as last year.

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

	2020	2021	2022
Revenue			
Direct Government funding	1 021,1	1 039,0	1 049,2
Fees and other remuneration	135,7	151,1	169,5
Grants	42,6	30,3	34,5
Financial income	0,0	0,0	0,0
Total revenue	1 199,4	1 220,4	1 253,2
Costs			
Staff costs	664,2	694,6	741,8
Premises costs	100,2	103,1	111,8
Other operating costs	371,1	389,9	404,2
Financial expenses	0,0	0,2	0,1
Depreciation	27,2	26,3	27,2
Total costs	1 162,7	1 214,1	1 285,0
Transfers			
Government funding	0,0	0,0	0,0
Funding from other government agencies	0,0	0,0	0,0
Other funds	0,0	0,0	0,0
Grants distributed	0,0	0,0	0,0
Change in capital			
Annual	36,7	6,3	-31,8
Capitalised change in capital (IB)	213,1	249,8	256,1
Total balance carried forward (UB)	249,8	256,1	224,3

Research and education at doctoral level

Revenue has increased by 4.3 per cent compared to 2021. On the costs side, other operations account for the largest increase, 7 per cent. One explanation for this increase is that travel and conference costs are back at the same level as prior to the pandemic two years ago.

Revenue

Research revenue for the year amounted to SEK 6,609.6 million (SEK 6,339.2 million). Direct national government funding has increased by SEK 18.5 million compared to 2021 and corresponds to the allocated funds stated in KI's public service agreement for the 2022 financial year. Direct national government funding has been adjusted for prices and wages by 1.06 per cent (1.72 per cent).

Fees and other payments received have increased by SEK 30 million compared to the previous year. The main explanatory factors are an increase in the leasing of premises and more contracts for the payment of salaries. KI has also conducted sequencing activities for COVID-19 on behalf of the Public Health Agency of Sweden, under special authorisation. However, this activity has had lower volumes in 2022 compared to the previous year.

Grant revenue has increased by 6.1 per cent compared to 2021, while prepaid grant revenue has also increased slightly, indicating a stable level in the next few years as well. The main funding bodies are listed in Table 9 in the table annex.

Financial revenue has increased because the annual interest rate at RGK was raised during the year and KI received interest revenue on the balance in RGK. The annual average interest rate on the interest account with RGK in 2022 is 0.77 per cent (0). Interest revenue from RGK amounts to SEK 39 million (SEK 0 million). Other financial revenue consists mainly of exchange rate gains.

Costs

Total costs for the year for research and education at doctorate level increased by 4.1 per cent compared to the previous year.

The cost for staff has increased by 2.3 per cent compared to 2021. During the year, a salary audit was carried out in October with an outcome of 1.9 per cent. The number of staff (full-time equivalents) has increased by 1.7 per cent compared to 2021.

Premises costs have increased compared to 2021, despite a decrease in the area of premises. This is explained by increased costs for electricity and media and a one-off rent for vacated premises.

Operating costs have increased by 6.9 per cent, largely due to increased expenses for travel, hospitality and conferences. After two years of restrictions due to the pandemic, KI is back to the same levels as in 2019 in terms of travel and conferences.

Financial costs have increased, which is mainly explained by the fact that the previous year's revaluations have now been reversed as the development of the financial holdings has been negative in 2022. Interest costs on loans with RGK amount to SEK 7.5 million as interest has again been charged as a result of RGK raising the interest rate during the year. The annual average interest rate on the interest account with RGK is 0.77 per cent (0 per cent).

Depreciation in 2022 is down by SEK 14.8 million compared to 2021. This decrease is explained by the fact that KI has returned to a normal investment rate after several years of new investments and relocation.

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

	2020	2021	2022
Revenue			
Direct Government funding	2 155,8	2 234,7	2 253,2
Fees and other remuneration	705,0	732,6	762,6
Grants	3 220,7	3 319,4	3 522,9
Financial income	41,0	52,5	70,9
Total revenue	6 122,5	6 339,2	6 609,6
Costs			
Staff costs	3 033,8	3 170,5	3 245,1
Premises costs	882,3	860,9	896,5
Other operating costs	1 849,9	1 805,2	1 930,2
Financial expenses	57,1	6,4	40,7
Depreciation	313,3	314,6	299,8
Total costs	6 136,4	6 157,6	6 412,3
Transfers			
Government funding	13,5	13,8	17,9
Funding from other government agencies	41,6	65,7	65,1
Other funds	124,2	107,0	116,2
Grants distributed	-179,3	-186,5	-199,2
Change in capital			
Annual	-13,9	181,6	197,2
Capitalised change in capital (IB)	1 308,7	1 294,8	1 476,4
Total balance carried forward (UB)	1 294,8	1 476,4	1 673,6

Asset management

KI manages individual donations intended for medical science at the University. 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

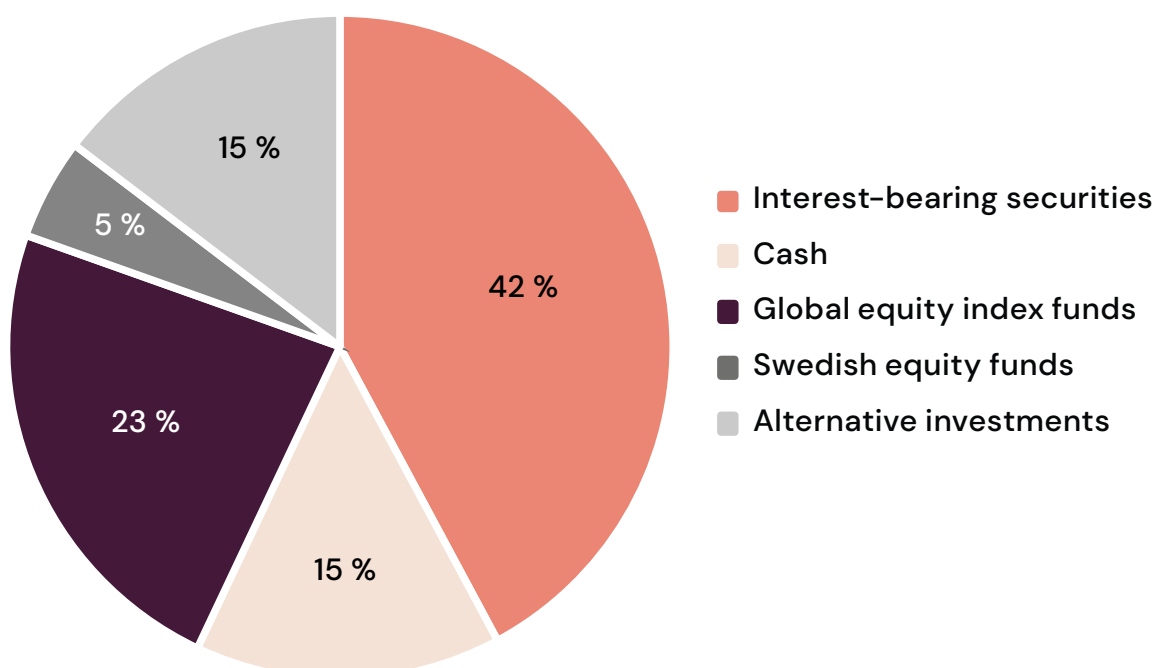
The market value at year-end was approximately SEK 307 million (SEK 294 million). In 2022, the net inflow (the difference between funds purchased and sold) amounted to SEK 2.8 million (SEK 70.4 million), and the change in value amounted to SEK 11.2 million (SEK -12.9 million).

During the year, inflows via donations and dividends from financial investments have exceeded outflows via research grants and capital gains, and dividends have contributed to a positive result of SEK 31.3 million (SEK 40.5 million).

The nominal return for the portfolio totalled -5.6 per cent. Swedish shares lost -22.5 per cent during the year. Foreign shareholdings performed better, relatively speaking, at -10.4 per cent, largely saved by the weak Swedish krona (SEK). Interest-bearing assets also had a negative return of -3.0 per cent over the year. Alternative assets were the category that managed to achieve a positive return of 2.7 per cent during the year.

Both nominal and real returns thus failed to meet their required rates of return (the nominal required rate of return is the risk-free interest rate plus two per cent, and the real required rate of return is two per cent). The portfolio will reach its nominal required rate of return over time, but the high inflation in 2022 means that the real required rate of return has not been reached over the last five-year period. The table below shows the returns over the last five years.

Fund portfolio allocation, 31/12/2022



Return compared to benchmark

	2020	2021	2022
KI Funds	2,4	12,1	-5,6
Benchmark index	3,3	9,5	-3,3
Deviation	-0,9	2,6	2,3

Comparison index for endowment fund investments 2022

Swedish interest-bearing	OMRX Bond	30%
Swedish shares	SBX-CAP Etiskt	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 krona (SEK) and US dollars (USD) respectively, which solely contain interest-bearing securities.

Interest-bearing investments in MWLC have had an overall positive return during the year. The Swedish donation funds had a return of -0.1 per cent. The market value at year-end was approximately SEK 66 million. Donated funds in USD had a return of 0.3 per cent. The market value at year-end was approximately USD 9 million. Some of the donated funds have been transferred from USD to SEK during the year due to changes in the currency distribution of the expected expenses.

Distributions from KI's endowment funds 2020–2022, SEK million

	2020	2021	2022
Research grants	76,7	63,2	40,0
Travel grants	0,1	-0,1	0,7
Undergraduate education	0,3	0,1	0,1
Other	0,0	0,0	0,0
Total	77,1	63,2	40,8

MWLC donation fund 2020–2022, SEK million

	2020	2021	2022
Distributions	46,8	36,6	38,3
Total	46,8	36,6	38,3

KI Foundations

There are 161 foundations (161) 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.

New gifts and donations totalling SEK 28.1 million (SEK 10.9 million) have been received and added to existing foundations.

Of research and travel grants awarded previously, SEK 118 thousand (SEK 778 thousand) has been reversed.

The result for the year amounted to SEK 71.8 million (SEK 143.1 million), of which SEK 0 million (SEK 181 million) was attributable to capital gains in connection with reinvestments in financial securities holdings and SEK 71.8 million (SEK 62.2 million) to gains on management funds.

The management costs include expenses for 1.85 full-time equivalents (FTEs). During the year, a decision was also taken to fund 25 per cent of KI's total cost for the PRISMA application system from KI Foundations. The total cost for the foundations amounted to SEK 0.8 million for 2022.

Grants of SEK 83.7 million (SEK 23 million) were awarded in 2022, in accordance with the purpose of the foundations, of which SEK 1.9 million (SEK 0.8 million) is utilised restricted capital. The fluctuation between years is due to the fact that KI Research Grants are announced every two years and the call took place in 2022. The amount granted by the foundations within the framework of the call amounted to SEK 58.2 million, half of which was paid out in 2022 and the other half was booked as "funds decided but not yet disbursed" which will be paid out in 2023.

Foundations, SEK million

	2020	2021	2022
Capital fund	2 232,3	2 615,7	2 359,0
Grants awarded	62,1	23	83,7

Statement of financial performance and Balance Sheet

Statement of financial performance (SEK thousands)

	Outcome	Outcome
	202201 202212	202101 202112
Operating revenue		
Direct government funding	3 302 469	3 273 700
Revenue from fees and other remunerations	932 058	883 718
Revenue from grants	3 557 365	3 349 692
Financial income	70 860	52 520
Total Revenue	7 862 752	7 559 629
Operating costs		
Staff costs	-3 986 844	-3 865 071
Premises costs	-1 008 325	-963 997
Other operating expenses	-2 334 369	-2 195 146
Financial expenses	-40 861	-6 575
Depreciation and amortisation	-326 952	-340 940
Total Costs	-7 697 350	-7 371 728
Operating profit/loss	165 402	187 901
Transfers		
Funds received from the Government budget for grant financing	17 897	13 802
Funds received from other government agencies for grant financing	65 095	65 723
Other funds received for grant financing	116 188	106 985
Grants paid	-199 180	-186 511
Balance	0	0
CHANGE IN CAPITAL FOR THE YEAR	165 402	187 901

Balance sheet (SEK thousands)

Assets	202212	202112
Intangible fixed assets		
Capitalised expenditure for development	0	200
Rights and other intangible fixed assets	1 018	1 678
Total Intangible fixed assets	1 018	1 877
Tangible fixed assets		
Expenditure for improvements to leased property	205 694	214 971
Machinery, equipment, installations, etc.	871 114	1 032 145
Fixed assets under construction	101 887	41 913
Total Tangible fixed assets	1 178 695	1 289 028
Financial fixed assets		
Holdings in associated companies and subsidiaries	21 000	20 000
Other long-term securities holdings	355 881	398 440
Other long-term receivables	3 556	2 250
Total Financial fixed assets	380 437	420 690
Current receivables		
Accounts receivable	222 534	212 119
Receivables from other government agencies	150 084	132 681
Other current receivables	4 861	1 312
Total Current receivables	377 478	346 113
Cut-off items		
Prepaid expenses	288 731	239 316
Accrued grant revenue	468 346	461 685
Other accrued revenue	12 433	6 428
Total Cut-off items	769 510	707 430
Settlements with the Government		
Settlements with the Government	-61 770	-38 152
Total Settlements with the Government	-61 770	-38 152
Cash and bank balances		
Balance of the interest-bearing account with the Swedish National Debt Office	5 198 468	4 896 623
Cash and bank	165 574	130 829
Total Cash and bank balances	5 364 042	5 027 452
Total Assets	8 009 410	7 754 437

Balance sheet (SEK thousands)

Capital and liabilities	202212	202112
Agency capital		
Government capital	21 000	20 000
Capital brought forward	1 732 498	1 544 598
Change in capital and reserves per financial performance statement	165 402	187 901
Total Agency capital	1 918 900	1 752 498
Provisions		
Provisions for pensions and similar commitments	3 078	2 347
Other provisions	41 527	42 257
Total Provisions	44 605	44 604
Liabilities		
Loans from Swedish National Debt Office	942 660	1 050 720
Current liabilities to other government agencies	183 386	160 592
Accounts payable	352 206	261 666
Other current liabilities	134 021	107 501
Total Liabilities	1 612 273	1 580 478
Cut-off items		
Accrued expenses	189 918	198 344
Unexpended grants	3 884 088	3 817 053
Other cut-off items	359 626	361 459
Total Cut-off items	4 433 632	4 376 856
Total Capital and liabilities	8 009 410	7 754 437
Contingent liabilities		
Other contingent liabilities	33 420	153 110
Total Contingent liabilities	33 420	153 110



**Karolinska
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