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STANDARD
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RATINGS SERVICES

RatingsDirect®

King's College London

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King's College London

Major Rating Factors

Issuer Credit Rating
AA/Negative/NR

Strengths:

- Leading academic reputation, boasting a very strong position in league tables.
- Robust student demand and high academic entry standards.
- The flexibility to charge higher tuition fees for home and EU undergraduates and the potential to increase research income further, which should compensate for the reduction in funding council grants.
- Substantial cash reserves--albeit decreasing--that exceed total debt.
- Ongoing government support, despite the reduction in the teaching grant.

Weaknesses:

- Risks associated with a major capital program; substantial works are planned until 2018.
- Some uncertainty over the impact of reforms and the pace of adjustment to lower public-sector funding over the medium-to-long term.

Rationale

The rating on King's College London (King's) reflects the university's stand-alone credit profile (SACP), which we assess at 'aa-', as well as our opinion of a moderately high likelihood that the government of the United Kingdom, working through the Higher Education Funding Council for England (HEFCE), would provide extraordinary support so as to avoid a cash default, in the event of financial distress.

In accordance with our revised criteria for government-related entities (GREs; see "Rating Government-Related Entities: Methodology And Assumptions," Dec. 9, 2010), our view of a moderately high likelihood of extraordinary government support is based on our assessment of King's:

- Important role for the U.K. government and its public policy mandate; and
- Strong link with the U.K. government, demonstrated by its track record of providing support.

The SACP on King's is supported by its strong reputation for research, resilient student demand, and substantial cash reserves. Vulnerabilities include the uncertainty over the impact of reforms to the higher education system, and the adjustment process to medium-to-long-term constraints in public-sector funding, although we believe that ongoing government support will continue to be a positive rating factor. King's is also exposed to some risks associated with its planned estate program; major work is planned until 2018, with a large share concentrated in 2014-2018.

King's academic reputation is among the highest in the U.K. and globally, which is reflected in its No. 19 position among U.K. universities (according to The Complete University Guide 2014), and No. 26 position globally (based on the QS World University Rankings 2012/13). King's is also highly regarded as a research institution, and consequently, it is one of the recipients of the largest amounts of research grant.

Student demand remains strong, though it has suffered from high tuition fees and higher entry standards, as well as from a subdued economic climate in line with the whole sector. Demand from overseas students has been strong, however, fueled by King's excellent academic reputation and attractive location. Larger revenues arising from the increase in overseas students, coupled with increased revenues from higher tuition fees for home and EU students from 2012-2013, will position King's among those most rewarded by the U.K. government's recent funding reform. By 2015 we anticipate that the college's main source of revenues will be income from tuition fees.

After relatively large surpluses in the past two years, we expect King's to post smaller surpluses this year and the following three years, averaging 1.7% of turnover, as the HEFCE teaching grant is reduced. On the other hand, we believe that King's will continue to benefit from increasing fees from overseas students and revenue from other research grants and contracts, as it capitalizes on its outstanding academic status. Further staff-cost curtailment will be quite difficult, in our opinion, as King's has already decreased costs since 2008-2009 and pressure to maintain its academic and non-academic services standards will weigh on its ability to cut costs further.

King's net debt is relatively low compared to peers. At financial year-end 2013, we estimate that King's will have a negative net debt position of more than 6% of revenues because of its high level of cash holdings. These provide an important source of financial flexibility and liquidity. However, we expect the net debt position to turn to positive 9% of revenues by 2014 and continue to increase, as King's uses its reserves to fund the capital program.

Against a backdrop of lower and decreasing grant revenue, King's may face additional pressure from the risks associated with its capital program, which amounts to £850 million over 10 years until 2018. The majority of the plan, or £662 million, still has to be delivered and includes a major redevelopment of the Strand campus, but also a number of smaller stand-alone projects, allowing substantial flexibility to defer expenditure if necessary. In particular, the substantial increase in capital investment is driven by the expansion of the Strand campus, a prestigious and historic site with the potential for generating further revenues from activities such as postgraduate courses and conferences. The project is estimated at about £200 million. The exposure to capital cost overruns is somewhat mitigated by the university's previous experience in managing capital programs and working with contractors.

King's debt was just over £169.6 million as of May 2013, down from £171.1 million debt as of financial year-end 2012. In our base-case scenario we estimate debt at about 36% of revenues on average over the forecast period. This level of debt is low in light of King's profitability and ample cash and non-restricted investment levels. We expect King's to increase borrowing within the next two years to accommodate its investment ambitions and avoid the dilapidation of its substantial reserves.

Liquidity

King's has a very strong liquidity position under our criteria; it had cash holdings of approximately £195 million (about 34% of forecast operating expenditures) at June 2013, which covers 15x debt service. Although some reserves are to be spent on the upcoming capital program, King's plans to maintain overall cash holdings of £100 million (minimum) over the next few years. This level will continue to be very strong, as it will cover about 7x King's debt service.

Outlook

The negative outlook on King's reflects the negative outlook on the U.K. rating, and the subsequent application of our criteria for GREs. If the ratings on the U.K. were lowered by one notch, or the outlook revised back to stable, then we would likely make the same changes to the rating on King's College, reflecting our opinion of the likelihood of extraordinary government support.

Our base-case expectation is that King's will continue to consolidate its strong academic reputation, demonstrated by high levels of student demand and growth in research income. An upgrade of the SACP in the short-to-medium term is unlikely, but would depend on an increased diversification of revenue sources away from the U.K. public sector, and on more aggressive deleveraging to achieve a debt-to-revenue ratio of about 30% of revenues. However, such an uplift of the SACP would not translate into a higher final rating unless the SACP would move by two notches, due to the way we apply our GRE criteria.

Conversely, if King's reputation for teaching and research suffers, affecting its ability to generate revenues from overseas students, and if King's consequently decides to post deficits, funded by its reserves or larger borrowing than expected, then this could put pressure on the rating. In such scenario, we would expect the debt-to-revenue ratio to exceed 40% by the end of 2016. We believe this is unlikely, however, and that it would require King's financial policies to substantially change.

GRE Methodology And System Support

In accordance with our criteria for GREs, our view of a moderately high likelihood of extraordinary government support is based on our assessment of King's important role for the U.K. government in achieving higher education policy objectives. We also assess the link between King's and the U.K. government (via HEFCE) as strong. While regulation is less frequent and onerous than for, say, housing associations, we believe HEFCE's ability to directly provide finance in a stress scenario is an important factor in assessing the likelihood of preventing a default.

The HEFCE grant has diminished since 2011 due to the U.K.'s fiscal challenges. Despite this, we believe that the political importance of King's, and indeed of the sector as a whole, is such that there remains a moderately high likelihood that the U.K. government would still provide extraordinary support to a university that might find itself under severe financial stress, thereby avoiding a cash default.

HEFCE's supportiveness

Over the past few years, universities in England have continued to receive, both on an ongoing and extraordinary basis, a high level of financial and regulatory support from the U.K. government via HEFCE.

In addition to research grants and capital grants for infrastructure, universities in England directly receive teaching funding from HEFCE, mostly distributed in the form of a block grant. This teaching grant is subject to a formula-based assessment of teaching activity. Certainly for the stronger universities, which can easily recruit their target number of home and EU undergraduates, the presence of the teaching block grant has been an important source of predictability and stability within the sector.

Under the new reforms, the block grant for many subjects will in effect be replaced by the additional income from higher tuition fees. To the extent that HEFCE controls over teaching activity mean that the stronger universities can continue to easily reach their enrolment targets, we don't believe this is a major change from a credit perspective. We do, however, note that the revenue stream from the student loans company will be made in fewer installments over the year, causing some adjustments to liquidity planning.

Another implication of higher tuition fees is that universities will also become more exposed to minor levels of over- or under-recruitment, whereas the HEFCE grant has been payable as long as universities recruited within a certain tolerance band of target enrolment. On the other hand, the government has freed up the number of students achieving 'AAB' grades that universities may be willing to recruit in 2012-2013 and students achieving 'ABB' grades in 2013-2014, which might benefit universities aiming to increase the quality of their student base, while it also provides further revenues. We understand that universities might be willing to tap into this new source, but only as far as it does not put pressure on their infrastructure. We do not believe that either of these changes will challenge King's.

HEFCE monitors the sustainability of universities by placing any university it deems to be at higher risk on a special list, which results in increased monitoring and possible intervention to help a university restructure. HEFCE can also offer some extraordinary financial support. For example, it might provide support by reprofiling grant payments so that they are paid earlier, to ease liquidity pressures, or by awarding additional grant to be repaid at a later date. This potential support is factored into our ratings, but we note that HEFCE is under no obligation to provide support, particularly where there is insufficient demand to sustain a particular university over the medium term.

Business Profile

Outstanding academic reputation

King's is one of the most research-intensive universities in the U.K. Research income has been a high 28% of revenues over the past three years and we expect a similar share over the 2014-2016 forecast period. As a result of the Research Assessment Exercise (RAE) 2008, King's receives one of the largest research grants allocated by HEFCE for English universities. King's expects to maintain its favorable position in the next 2014 Research Exercise Framework. In addition, its high research standing is confirmed in a number of league tables. On the teaching side, King's reputation is also strong, enabling it to require the 18th highest undergraduate entry standards in the U.K., according to the Sunday Times University Guide (2013). Worldwide, the college is ranked at 26 in the QS World University Rankings (2012/13) and at 57 in the Times Higher Education World Universities Ranking, well ahead of peers we rate such as Nottingham and Sheffield.

Diversified research income

King's has a strong reputation for research in a number of areas, but particularly in humanities, social sciences, law, biomedicine, and security/defense studies. King's also benefits from a diverse range of research income, from research councils, charities, and a range of commercial and public sources. In light of King's academic status, we anticipate that the college is well positioned to gradually increase income from these sources. After having grown substantially and beyond inflation up to 2010, despite the U.K. recession and public spending constraints, King's research income grew by nearly 5% on average in 2010-2012. We anticipate a similar growth on average over the forecast period to 2016.

Student demand

Undergraduates. King's has generally enjoyed a robust undergraduate demand profile. Despite the decrease in applications in academic year 2012-2013 in line with general trends in the sector, we believe that King's remains well positioned to overcome the transitory effects of increases in tuition fees, which was first implemented that year (see chart 1).

As we expected, the university's applications dipped by 10% in academic year 2012-2013 on higher tuition fees. Its decision to increase entry standards in some areas compounded this. As with previous tuition-fee increases, we expect the effect on King's application numbers to be temporary. We anticipate that the increase in entry standards will further support King's academic standing, which may head to further demand in the medium term.

King's compensated for fewer applications and a possible decrease in confirmations by increasing its offerings such that the overall effect on enrolments has been favorable.

Competition from other universities and a lack of employment prospects have constraint demand in areas such as the history and health schools, though recruitment is also very competitive in general.

King's expects a recovery in applications for the 2013-2014 academic year according to its first estimates, mainly driven by newly introduced programs, re-applications in dentistry and health sciences and an uptick in arts and sciences applications.

Chart 1

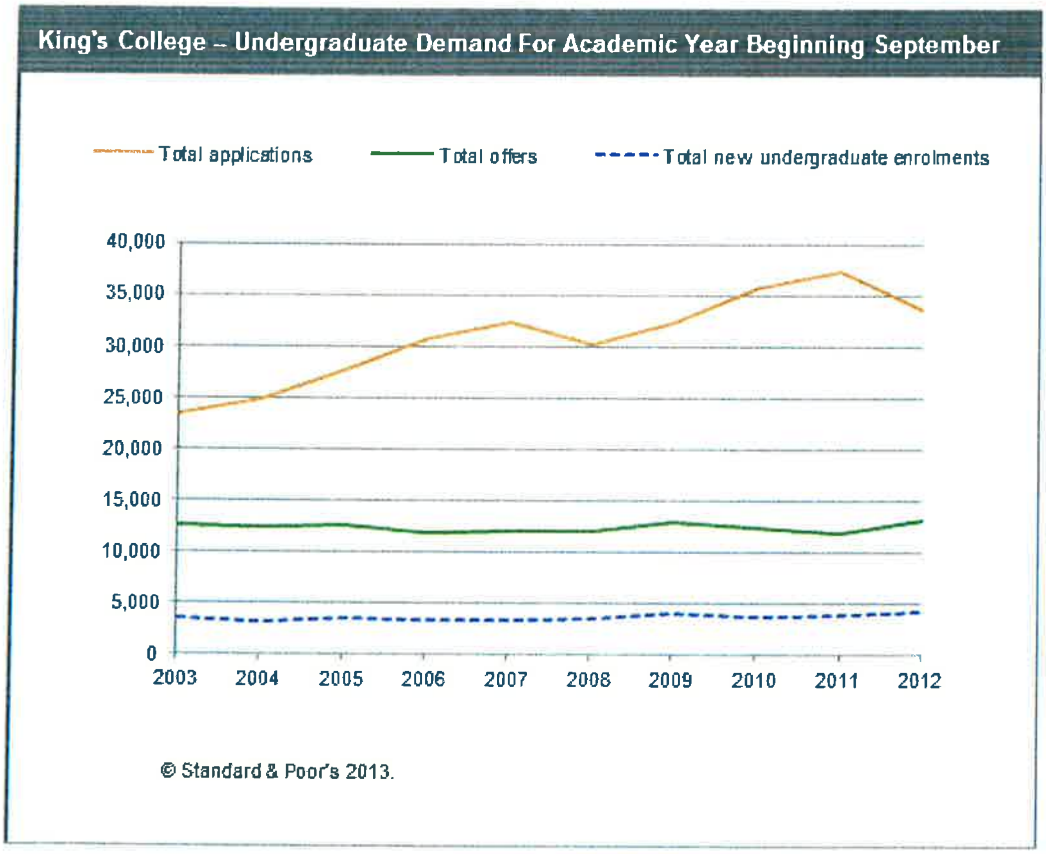


Table 1

King's College -- London Student Demand Profile

	Academic year beginning September									
	2012	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Undergraduate demand										
Total applications	33,592	37,319	35,713	32,377	30,134	32,343	30,824	27,658	24,797	23,493
Total offers	13,077	11,886	12,335	12,899	12,086	12,043	11,902	12,615	12,429	12,551
Total new undergraduate enrolments	4,137	3,894	3,676	3,961	3,499	3,232	3,389	3,451	3,127	3,517
Applicants-to-places ratio (x)	8.1	9.6	9.7	8.2	8.6	10.0	9.1	8.0	7.9	6.7
Acceptance Rate (Offers / Applicants) (%)	39	32	35	40	40	37	39	46	50	53
Matriculation Rate (Enrolments / Offers) (%)	32	33	30	31	29	27	28	27	25	28
Home and EU applications	26,902	29,440	30,013	26,810	25,504	27,380	25,906	23,058	20,699	19,518
Home and EU offers	10,435	9,225	10,131	10,395	10,007	10,057	10,177	10,556	10,527	10,629
Home and EU new enrolments	3,577	3,365	3,210	3,044	3,044	2,909	2,972	2,971	2,782	3,147
Applications-to-places	7.5	8.7	9.3	8.8	8.4	9.4	8.7	7.8	7.4	6.2
Non-EU (i.e. overseas) applications	6,690	7,355	5,778	5,567	4,630	4,963	4,918	4,600	4,098	3,975
Non-EU offers	2,642	2,856	2,239	2,504	2,079	1,986	1,951	2,059	1,902	1,922

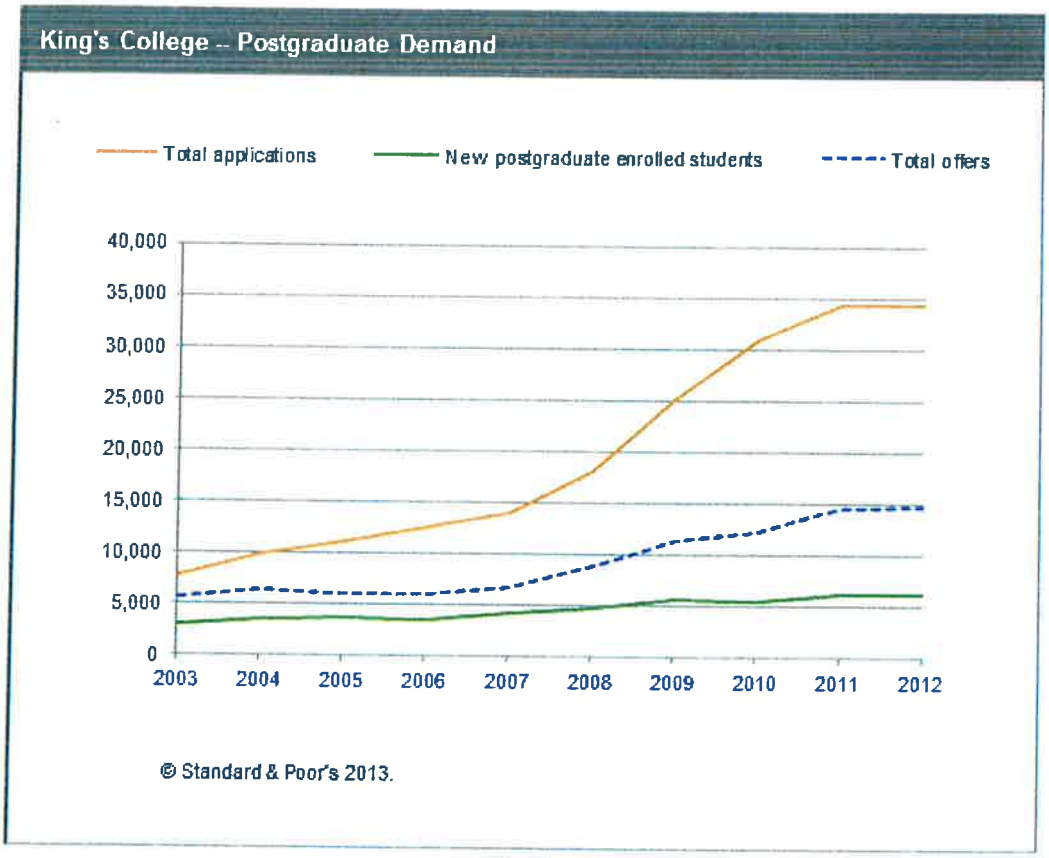
Table 1

King's College – London Student Demand Profile (cont.)										
Non-EU new enrolments	560	529	514	489	455	396	307	364	345	370
Applications-to-places	11.9	13.9	11.2	11.4	10.2	12.5	16.0	12.6	11.9	10.7
Postgraduate demand										
Total applications	34,259	34,349	30,926	25,249	18,110	13,955	12,547	11,231	9,926	7,857
New postgraduate enrolled students	6,091	6,210	5,455	5,588	4,741	4,161	3,505	3,677	3,570	2,979
Applicants-to-places ratio (x)	5.6	5.5	5.7	4.5	3.8	3.4	3.6	3.1	2.8	2.6
Home and EU applications	16,614	16,874	15,793	13,076	10,423	10,279	8,521	7,108	5,872	4,958
Home and EU offers	8,025	8,034	6,999	6,609	5,710	4,856	4,126	3,802	3,898	3,526
Home and EU new enrolments	4,295	4,420	3,900	3,981	3,546	2,925	2,518	2,615	2,558	2,261
Non-EU (i.e. overseas) applications	17,645	17,928	15,133	12,173	7,687	3,676	4,027	4,123	4,054	2,899
Non-EU offers	6,740	6,456	5,209	4,721	3,150	1,804	1,896	2,137	2,395	2,134
Non-EU new enrolments	1,796	1,788	1,555	1,607	1,195	853	710	735	1,012	718
Total offers	14,765	14,490	12,208	11,330	8,860	6,660	6,022	5,939	6,293	5,660
Combined										
Overall applicants-to-places ratio (x)	6.6	7.1	7.3	6.0	5.9	6.3	6.3	5.5	5.2	4.8
Total non-EU new enrolments	2,356	2,317	2,069	2,096	1,650	1,249	1,017	1,099	1,357	1,088
Total enrolments	10,228	10,104	9,131	9,549	8,240	7,393	6,894	7,128	6,697	6,496

Postgraduates. King's postgraduate intake has been resilient in 2012-2013 (see chart 2); the ratio of applications over enrolments has increased slightly. In particular, enrolment of non-EU students has increased, in contrast to home and EU students. We expect this pattern to continue in 2013-2014, although we understand that demand from EU students is set for a rebound in line with undergraduate demand. Despite the crisis, we understand that postgraduate students do not seem to have difficulties in finding funding for their studies. Consequently, demand for postgraduate teaching remains sound for King's, despite a substantial increase in tuition fees in some areas. We understand that postgraduate research student numbers are in line with expectations.

King's is continuing its efforts to lift postgraduate offers to accommodate strong demand since 2008 (see table 1), and we note that there is still room for increases if King's deems it appropriate. Increased postgraduate activity brings in unregulated tuition fees that tend to be higher than the regulated fees for home and EU undergraduates on a like-for-like basis. It is also likely to strengthen King's research capacity.

Chart 2



Overseas students. In recent years, King's has increasingly prioritized recruiting overseas students and we understand that it intends to continue marketing to overseas postgraduate students, in particular.

In the 2012-2013 academic year, enrolment of undergraduate and postgraduate students has continued to increase (see table 1). There was a temporary decline in 2010 for logistical reasons.

King's high status in the league tables, the international popularity of London, and the accessibility of its central London campus, coupled with a wealthier population and shortage of comparable education in emerging markets will, in our view, continue to support its attractiveness as a place to study.

We still believe that competition among U.K. universities is likely to intensify as the sector seeks to replace lost public-sector funding, while new competition from European universities will accelerate. Nevertheless, King's academic standing means it has the potential to enjoy continued growth in overseas enrolments.

Business strategy

The university has a clear vision and long-term strategic plan to position itself as one of the world's leading universities. This includes improving the student experience, particularly to increase employability, and expanding the number of overseas postgraduate students. Increasing King's research profile is also a key priority, both in terms of enhancing its reputation and increasing the number of research contracts with corporates. In this respect, recruitment of high caliber staff remains a priority particularly in the run up to REF 2014, which will determine the level of research grant allocated by the government. Priorities for investments are the academic estate, including teaching space and equipment, as well as student residences and student services.

King's mission to provide services to society is a main pillar of the college's strategy, reflected in its numerous engagements with social, cultural, policy, and legal institutions.

King's plans to strengthen its collaborations with other universities and institutions in line with existing partnerships such as King's Health Partners, King's Cultural Partners, and the upcoming Francis Crick Institute--formerly known as the U.K. Centre for Medical Research and Innovation--which will focus on an inter-disciplinary approach to biomedical research and innovation.

Governance and management

King's has recently appointed a new Principal and President, Professor Edward Byrne, who will take over from Professor Trainor from September 2014. Professor Byrne is currently President and Vice-Chancellor at Monash University, the largest university in Australia. In this post since 2009, he has led the University's overseas expansion and its strategy towards higher academic recognition. His background as a neuroscientist and clinician also matches one of King's areas of strength. In our view, Professor Byrne's experience aligns with King's vision for research and teaching excellence and encompasses its internationalization efforts. Professor Trainor played a key role in consolidating King's position at the top of ranked universities, achieving a £500 million fundraising campaign, and creating the Francis Crick Institute, an interdisciplinary medical research center. He also led a strong and stable management team and preserved a sound financial position.

Estate

King's academic estate has benefited from ongoing investment in previous years. Under the current £850 million capital program, projects amounting £662 million will be developed from 2012 to 2018. The business case for this level of investment is based on King's expectation that improvements will generate further income from research, postgraduate and undergraduate teaching, and continual professional training.

In particular, the substantial increase in capital investment is fueled by the expansion of the Strand campus and student residences. The Strand campus is a prestigious and historic site with the potential for generating further revenues from activities such as postgraduate courses and conferences. The project is estimated at about £200 million over 12 years and funded from a variety of sources. In the long term, King's estimates that it will have to generate surpluses of 10% of income (assuming 6% from operating income and 4% from other sources of revenues such as assets disposals, fundraising, and capital grants). We consider this target ambitious in light of current financial performance and in the absence of a substantial boost to research income. In the short term, surpluses of 3% of income (or about £15 million) are estimated to be required to fund the capital program. We view these as realistically achievable.

In early 2012, the university completed the development of the East Wing of Somerset House within the Strand campus, which accommodates the College's School of Law and additional facilities for advanced education and cultural events. From 2013, further works include the redevelopment of the Law and Strand buildings and the

Quadrangle to incorporate learning and social space.

In addition to ongoing works on the Strand campus, the capital program contains major projects such as the redevelopment of the existing PET Centre at St. Thomas campus, the Maurice Wohl Neuroscience Institute in Denmark Hill, and diverse work related to residences and sport facilities. The university intends to finance half of its capital program through internal funding and grants, the rest will be covered by a combination of donations, asset sales, and debt.

Although most of the capital program is to take place in highly congested areas of London, adding to the logistical complexity, the exposure to capital cost overruns is somewhat mitigated by the university's previous experience in managing capital programs and working with contractors. The program includes a number of relatively small stand-alone projects, and a large share of the program is currently uncommitted, allowing the university substantial flexibility to defer expenditure if necessary.

Financial Profile

Financial performance

After relatively large surpluses in the past two years, we expect King's to post smaller surpluses in this and the next three years, averaging 1.7% of turnover, as the HEFCE teaching grant is reduced. On the other hand, we believe that King's will continue to benefit from increasing fee income from overseas students and revenue from other research grants and contracts, as it capitalizes on its outstanding academic status. Further staff cost curtailment will be rather difficult, in our opinion, as King's has already started to rein in these costs in the past and further pressure to keep the quality of its academic and non-academic services will weigh on its ability to cut costs further.

Coverage ratios are comfortably at those commensurate with the rating level. EBITDA over interest payable averaged 3.5x over the past three years. We believe that coverage may continue to decrease to 2.8x on average in 2014-2016 (Standard & Poor's excludes capital grants released to income when calculating EBITDA).

Capital structure

In line with previous years, we forecast that King's will enjoy a negative net debt position of over 6% of revenues at financial year-end 2013, underpinned by its high level of cash holdings. These provide an important source of financial flexibility and liquidity. However, we expect the net debt position to turn into positive 9% of revenues by 2014, as King's uses its reserves to fund the capital program.

King's debt amounts to over £169.6 million as of May 2013, down from £171.1 million debt as of financial year-end 2012. In our base case scenario we estimate debt at about 36% of revenues over the forecast period. This level of debt is low in light of King's profitability and ample cash and non-restricted investment levels. All debt now is held at fixed rates, with two bullet repayments due in 2031 and 2048. King's has thereby sought to protect itself from risks relating to refinancing and interest rate movements. We expect King's to increase borrowing within the next two years to accommodate its investment ambitions and avoid the dilapidation of its substantial reserves.

The value of King's equity-dominated endowment investments stood at £132.6 million in June 2013 (slightly up from £130.7 million in previous year). The level of endowments is still very high for a U.K. university, but use is restricted to only its accumulated income, so they cannot be relied on to provide an additional source of general liquidity for King's.

Pension schemes. Two of the main pension schemes in place are the national Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). These are externally funded and centralized defined-benefit schemes for participating U.K. universities, and it is not possible to identify King's share of underlying assets and liabilities.

As per the latest actuarial valuation for USS and SAUL at March 31, 2011, the schemes were 92% and 95% funded. Since then, both have introduced measures to balance the final position by 2021 and ensure the long-term sustainability of the scheme. We understand that the value of their liabilities might have increased since the latest valuation due to a change in the discount rate used, but no new valuation is available now.

The deficit in the Local Government Pension Scheme, another small separate pension scheme for certain nonacademic staff, was over £1.3 million as of July 31, 2012, slightly up from £1.1 million the previous year.

Liquidity

King's has a strong liquidity position; it had cash holdings of over £194 million (about 34% of forecast operating expenditure) at June 2013. This is a very positive liquidity position, particularly in the light of King's operating cash flows, which tend to be relatively predictable. Although it is very likely that King's uses part of its reserves to finance its capital program, we understand that it is unlikely that the level of overall cash holdings would decrease below £100 million over the next 12 months. This is still a good liquidity position as it covers 7x the debt due to be serviced in the next year. The cash is held with a select group of counterparties, which are selected on the basis of King's treasury policy.

Contingent liabilities

We believe the risk of contingent liabilities is low at this time as King's is insulated from vacancy risk under the terms of current student accommodation contracts.

Table 2

King's College London -- Financial Summary

						Base Case*			
	2008	**2009**	**2010**	**2011**	**2012**	**2013f**	**2014f**	**2015f**	**2016f**
Key figures and trends (£ '000s)									
Revenues	447,871	485,622	508,045	524,110	554,220	577,009	619,466	652,449	685,162
EBITDA	20,856	20,100	30,507	47,096	51,958	28,691	28,736	36,241	46,384
Net surplus	3,452	1,043	10,463	27,505	31,513	7,104	6,992	10,006	15,009
Overall surplus	9,162	1,038	10,461	27,503	31,505	7,104	12,992	10,006	15,009
Total debt	177,413	176,859	176,121	175,148	174,590	174,843	173,251	271,369	269,177
Net debt (total debt minus cash and all investments apart from permanent endowments)	13,847	(5,331)	(49,341)	(59,074)	(58,041)	(38,031)	57,141	79,554	111,653
Cash and all investments apart from permanent endowments	163,566	182,190	225,462	234,222	232,631	212,874	116,110	191,815	157,524
Permanent endowments	110,780	103,682	115,233	124,673	130,758	132,600	143,777	143,818	152,213
Net cashflow before financing	28,538	38,059	32,841	15,972	(14,466)	(13,922)	(93,491)	(20,707)	(31,181)

Table 2

King's College London -- Financial Summary (cont.)									
Net cashflow from operations	20,795	22,715	35,790	43,610	43,358	26,217	25,524	32,792	42,715
RATIOS									
Funding Council grants / revenues	32.4	30.9	29.9	28.1	25.4	23.0	20.7	18.2	16.6
Overseas tuition fees / revenues	6.4	7.4	8.6	9.5	10.5	11.2	12.4	12.5	13.2
Total research grants and contracts / revenues	26.5	27.8	28.4	28.1	27.9	28.5	27.6	27.4	27.4
Staff costs / expenditure	62.0	62.5	63.3	62.0	62.1	60.3	60.6	60.3	60.3
EBITDA (inc.endowment income) / interest payable	1.9	1.6	2.4	3.8	4.2	2.3	2.4	2.5	2.7
Net surplus / revenues	0.8	0.2	2.1	5.2	5.7	1.2	1.1	1.5	2.2
Overall surplus / revenues	2.0	0.2	2.1	5.2	5.7	1.2	2.1	1.5	2.2
Total debt / revenues	39.6	36.4	34.7	33.4	31.5	30.3	28.0	41.6	39.3
Net debt / revenues	3.1	(1.1)	(9.7)	(11.3)	(10.5)	(6.6)	9.2	12.2	16.3
Net debt + pension deficit / revenues	1.6	3.0	10.8	11.5	10.7	6.8	9.1	12.1	16.3

*Standard & Poor's base case represents our opinion of the forecast scenario that is associated with a stable rating. As such, there are a number of differences compared with the university's own forecasts.

Related Research

- U.K. Higher Education Reforms Pose University Challenge, Jun. 25, 2013
- Tuition Fee Reforms Set to Widen Gap in Creditworthiness Between Strongest and Weakest U.K. Universities, Dec. 8, 2010.
- Rating Government-Related Entities: Methodology and Assumptions, Dec. 9, 2010
- Approaches to Rating U.K. Universities Amid Growing Credit Diversity, March 28, 2003

Ratings Detail (As Of July 22, 2013)	
King's College London	
Issuer Credit Rating	AA/Negative/NR
Senior Unsecured	AA
Issuer Credit Ratings History	
17-Dec-2012	AA/Negative/NR
27-Oct-2010	AA/Stable/NR
25-May-2010	AA/Negative/NR
01-May-2009	AA/Stable/NR

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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