

Kingston
University
London

Annual Accounts 2012–13



Financial Statements 2012-13

Contents	Page
Operating and Financial Review	2 – 15
Responsibilities of the Board of Governors	16
List of Board of Governors	17
Statement of Internal Control	18
Independent Auditors' Report	19 - 20
Consolidated Income and Expenditure Account	21
Statement of Total Recognised Gains and Losses	22
Consolidated Statement of Historical Cost Surpluses and Deficits	23
Balance Sheet	24 - 25
Consolidated Cash Flow Statement	26
Notes to the account	27 - 56

1. Institution's strategy and objectives

1.1 Vision and mission

The University's new strategic plan is driven by key vision, purpose and value statements.

Our Vision:

To be internationally recognised for a creative approach to education that has practical outcomes which benefit people and communities.

Our Purpose:

To develop potential, transform lives and improve the world around us. To be led by learning in all that we do: enabling others to learn, continually learning ourselves and pushing the boundaries of learning through teaching, research and enterprise and professional practice

We Value:

- Rigour, curiosity, excellence and originality
- Innovation, creativity and enterprise
- Consideration, courtesy and collegiality
- Breadth, diversity and individuality

1.2 Strategic plan

Under the leadership of Vice-Chancellor Professor Julius Weinberg, the University continues to respond to significant changes in higher education. Following extensive consultation with internal and external stakeholders a new strategic plan *Led by Learning* was launched in March 2012. Its key goals are grouped under the headings

- Learning, Enquiry and Practice
- Enriching lives
- Respect for individuals, communities and environment

This overarching strategy is underpinned by core academic strategies for education, research and enterprise and there are six further supporting strategies dealing with people, finance, estates, communications, information and civic engagement.

1.3 Financial strategy

A new financial strategy was approved by the Board of Governors on 14 March 2012 to support *Led by Learning*. The aim of the strategy is to ensure that the University's full economic costs are covered by its income, that sufficient reserves are maintained and that the liquidity position will meet the University's operating requirements.

The strategy defines a number of key performance measures (KPMs). Four of these measures are denoted key performance indicators (KPIs) and these four are selected as front-line mandatory ratios in determining success in achieving the financial strategy:

- Historic cost surplus as a percentage of fees and funding (4% in any one year and 5% rolling three year basis)
- Annualised servicing costs of no more than 4% per annum
- External borrowing as a multiple of EBITDA set at a ceiling of 4.0
- Net liquidity of at least 90 days.

2. Achievements and successes

The University has consistently achieved against its strategic objectives through to 2012/13. The current year has seen enrolment of the first cohort of students under the new fees regime. They have also been subject to higher academic tariffs (entry grades) as part of Led by Learning's strategy to ensure academic quality and student success. Although student enrolment targets were not met, the cost base of the University has been carefully managed to secure a strong financial result for the year. The management of costs continues into 2013/14, with £3.5m budget reductions secured. A significant success is the recruitment of overseas students where the target income of £24.5m was achieved in a competitive highly regulated market.

During 2011/12, the University undertook a major review of its taught undergraduate and postgraduate provision in order to enhance significantly the experience of students and staff and to improve performance against student satisfaction, progression, achievement and graduate outcomes. During 2012/13, the recommendations of this Review of the Academic Framework were implemented for the start of the academic year 2013/14.

A new staff performance appraisal process, with objectives linked to University strategy and the resulting requirements for change has been successfully introduced. Following University-wide consultation, agreement has also been reached with staff representatives over the main elements of proposals which aim to ensure all academic colleagues are able to develop well-rounded careers, with the appropriate rewards, through teaching, research, enterprise, professional practice and academic leadership.

On the estates and infrastructure side, significant preparation has taken place in 2012/13 to plan and schedule a significant proposed investment. A design competition has been held to choose an architectural practice to design a new signature building on the Penrhyn Road Campus to replace the Town House. An independent review of information systems has been undertaken and the first stage of a major project is underway to provide the University with a robust IT infrastructure to support learning, teaching, research and administration.

In a year with many other pressing academic demands, the University has made external research funding applications at a similar level to last year. Research awards always have a reporting lag due to the administrative processes involved, but during that lag period the University has already exceeded this year's annual award target (including contract research and KTPs), with other awards in period being processed.

The Faculty of Science, Engineering and Computing has performed particularly well. The engineering schools have been the recipients of two of the University's largest awards in recent years, under different EU Marie Curie schemes. They have secured both a €798,580 share in a €2.87m industry-academia staff exchange scheme to study advanced top nano-coatings with improved aerodynamic and de-icing behaviour and a €1.76m student training grant. Such large awards enhance Kingston's reputation for managing such awards and the likelihood of winning further support.

In addition to over £2m from the EU, the University has also been awarded over £0.5m by UK Research Councils and over £0.4m from UK charities so far this year. KTP applications are increasing in number and KTP awards this year have made a significant contribution to around £0.4m in research awards from industrial sources.

Having successfully passed the first stage of a bid for an Arts and Humanities Research Council (AHRC) block grant in support of postgraduate research, a full application was submitted in January through a consortium including RHUL, Surrey, University of the Arts London, the RCA, Brighton, Central School of Speech and Drama and Roehampton University. The outcome is expected in time to recruit students for October 2014. The proposal is based on the idea of the practice-based doctoral degree applied across the broad spectrum of the arts and humanities. A separate bid for a smaller, more focussed block grant in design was also submitted jointly with the RCA and the University of the Arts London.

In terms of enterprise, the Higher Education – Business and Community Interaction Survey: 2011/12 reported that Kingston University continues to produce the most graduate start-up companies in the UK. Kingston students established 201 companies during 2011/12, up from 179 the year before, ahead of the University of Lancaster (191) and the Royal College of Art (150). It also showed that start-ups supported by Kingston University have the equivalent of 2,216 full-time staff on their books, considerably more than for those launched with help from universities elsewhere. Kingston also ranks second for graduate start-up turnover, with firms generating turnover of £30 million, rising from £27 million in 2010-11.

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

The University launched its first social enterprise spin out company, Bridges Self-Management Ltd, successfully attracting external investment from a previous business mentor. The Bridges stroke self-management programme was developed from research by Dr Fiona Jones in the Faculty of Health, Social Care and Education in response to the need for improved longer-term support for stroke survivors.

Kingston University was selected to be a partner in Creativeworks London, a new £4m creative collaboration funded by the Arts and Humanities Research Council (AHRC). The four-year project will see a consortium of London-based universities and cultural institutions help to boost creative businesses in the capital by nurturing new partnerships and commercial opportunities between academia and businesses in fields such as digital media, fashion, music and visual arts.

3. Public benefit statement

Kingston University's legal status is that of a higher education corporation but it is also an exempt charity under the Education Reform Act 1988, s125A (as amended by the Charities Act 2011) and subject to monitoring by the Higher Education Funding Council for England (HEFCE) in its role as principal regulator under the terms of the Charities Act 2011, s25. These acts require the University to demonstrate clearly the public benefits it provides and that these are related to the aims of the University. The University has had due regard to the Charity Commission's guidance on public benefit.

As both a charity and a higher education corporation, the University makes a significant contribution to several of the charitable purposes set out in the Charities Act 2011, s3. In addition to the advancement of education these include:

- The advancement of the arts, culture, heritage or science
- The advancement of health or the saving of lives
- The advancement of citizenship or community development
- The advancement of amateur sport
- The advancement of environmental protection or improvement
- The relief of those in need by reason of age, ill health, disability, financial hardship, or other disadvantage and
- The prevention or relief of poverty.

The governing body is aware of its responsibilities in relation to charitable purposes in making decisions on the University's educational character and mission and in relation to the effective and efficient use of resources. It has considered the new Financial Memorandum and the role of the Principal Regulator and has recently implemented a new strategic plan, *Led by Learning*.

To deliver its mission (outlined in 1.1) Kingston has developed as a comprehensive university – with a wide range of subjects taught at all levels and with a diverse student body. The University is proud of its past as a polytechnic, from which enduring commitments to widening participation and vocational and professional preparation are derived. It is ambitious for its future as a university with a growing research reputation and international presence.

4. Civic engagement

Kingston University is an outward-looking institution. Developing good relationships with and providing benefit for the community is enshrined at the heart of *Led by Learning*, which states that the University believes in 'respect for individuals, communities and our environment'. The strategy specifies that the University will work closely with local and regional communities to develop an engaged civic university and one of the University's six supporting strategies underpins this.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

The University's community-facing activity is diverse and occurs widely across the institution. It encompasses high level strategic activity as well as work in the community, including student volunteering, public events organisation and support for the local economy.

Kingston University is closely involved with a range of organisations to support and enhance local educational, business and cultural interests. The University is a partner, with Kingston Council and Kingston College, in developing a new secondary school in North Kingston, due to open in 2015.

With an annual budget of about £200m and more than 2,500 staff, Kingston University is one of the town's largest employers, contributing significantly to the local economy: an estimated £500m annually.

The University's academics and researchers provide knowledge and expertise to local organisations such as Hampton Court Palace and the Metropolitan Police to help them innovate and become more competitive.

Every year more than 6,000 students graduate from the University, providing a much-needed skilled workforce for the region. The University is very proud that the 2013 HE – Business and Community Interaction Survey showed that Kingston graduates generated the most start-up companies of any UK HE institution for the fourth year running.

The University contributes significantly to the region's cultural, educational and social life through public lectures, exhibitions and performances and by opening up its sporting, health, conference and specialist facilities to local residents, businesses and community organisations. The University was instrumental in bringing the Rose Theatre to Kingston and continues to offer it financial and artistic support.

Staff and students offer some 3,500 hours of service to good causes each year through an award-winning volunteering scheme run by the Students' Union. The University also has an extensive programme of school visits, offering educational support and encouraging local children to aim for university, particularly those whose family have no previous experience of higher education.

The University is committed to sustainable development, coming near the top of the People and Planet's Green League Table and works with the local community on many environmental projects, such as cleaning up the Hogsmill River or recycling furniture.

Kingston is continuously upgrading its physical estate to the benefit of students, staff and visitors and aims to develop a new, multi-million pound flagship building at its Penrhyn Road Campus in the next few years.

Widening Participation

During 2012/13, the University has disbursed over £2m to new entrants who meet the University's eligibility criteria for additional student support. The University has broadened the criteria for its Kingston Scholarships because initial applications were insufficient to meet expenditure commitments.

During 2012/13 the University has established an Access Working Group which aims to move commitments away from fee waivers and towards student support during the period students are with the University. In addition to this, the University has committed to a tripling of expenditure on outreach and student success activities, starting from 2013/14. The Access Working Group has considered bids for new projects and activities and has deployed all of this financial commitment.

These changes have been supported by OFFA and are aligned with the University's Led by Learning Strategy and its Revised Academic Framework.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

5. Regulatory and competitive environment

The University's main sources of income reflect the nature of the regulatory and competitive environment in which it operates. In 2012/13 83.8% of its income (84.3% in 2011/12) came from funding agencies' grants, tuition fee income and education contracts. The major proportion of this income, 77.0% (77.5% in 2011/12) relates to teaching income, both funding and fees, for the provision of education to full-time UK and EU students. The student numbers are regulated through contracts with the funding agencies, mainly HEFCE, who will determine the number of students eligible for funding. The University must meet student number controls to avoid financial penalties. HEFCE exercises much of this regulation through the Financial Memorandum. In 2012/13, 12.5% of income (11.6% in 2011/12) came from overseas students.

The government regulates the number of overseas students via UK Border Agency controls.

Kingston University, through its joint arrangement with St George's, University of London, operates the Faculty of Health, Social Care and Education. The Faculty delivers innovative training programmes in pre-registration adult nursing, midwifery and physiotherapy alongside a range of programmes contracted by NHS London. In 2012/13, 4.6% of University income (5.0% in 2011/12) was generated from NHS contracts.

6. Analysis of financial position

The overall financial position of the University continues to be strong, with a sustainable surplus at a similar level to 2011/12. The balance sheet and liquidity position remain strong during a transition period following the introduction of higher fees and ahead of a significant investment programme.

	Target	2012/13	2011/12
Surplus as % fee and funding income	>5%	7.5%	7.5%
Annualised servicing costs as a % of income	<4%	3.0%	3.4%
Net liquidity (days)	>90 days	229 days	205 days
External borrowings as a multiple of EBITDA	<4.0	1.7	1.8

The financial statements comprise the results of the activities channelled through the University as a legal entity and give the consolidated results of the University and its subsidiary companies – Kingston University Service Company Limited (KUSCO), Kingston University Enterprises Limited (KUEL), Kingston University Campus Enterprises Limited (KUCCEL) and Kingston University Press Limited (KUPL). KUSCO provides certain support services to the University and its subsidiaries. KUEL undertakes activities which, for legal or commercial reasons, are more appropriately channelled through a limited company. KUCCEL was established to further develop conference and vacation letting activity. Kingston University Press Limited handles the University's printing and publishing activity. The statements also include an apportionment of the surplus from a joint arrangement in health and social care education with St George's, University of London.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

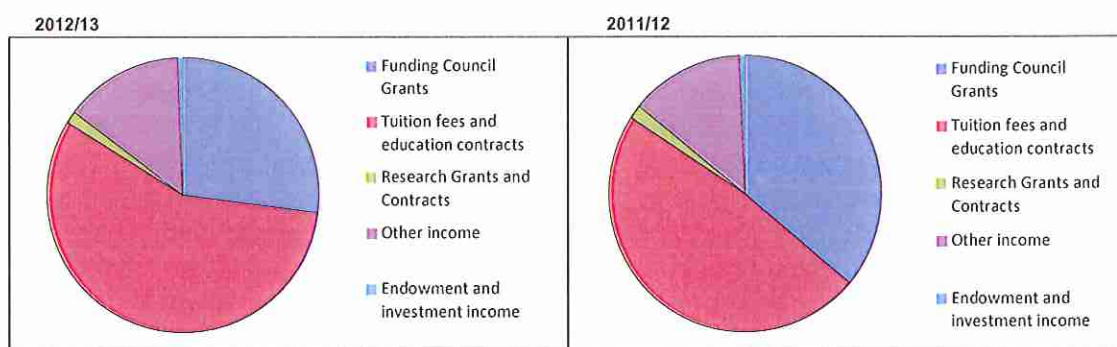
2012-13 FINANCIAL STATEMENTS

Overview of the financial result for the year

The University's financial performance for the year to 31 July 2013 is summarised as follows:

	2012/13 £'000	2011/12 £'000
Total Income	202,686	203,331
Total Expenditure	192,145	192,477
Historic cost surplus	11,249	11,562
Cashflow from operating activities	24,073	24,578
Cash at Bank and in hand	113,770	101,760
Increase in net assets excluding pensions liability	10,076	9,301
Increase in total reserves excluding pensions liability	12,342	12,452

The total income of £203m is mainly received from two sources; HEFCE income and tuition fees. An analysis of the income is shown in the chart below:



The total income level remains broadly constant although the movement between the income categories from 2011/12 are as follows:

Decrease in income:	
	£'000
Decrease in funding council grants	-18,648
Increase in tuition fees and education contracts	17,312
Other movements	692
	-644

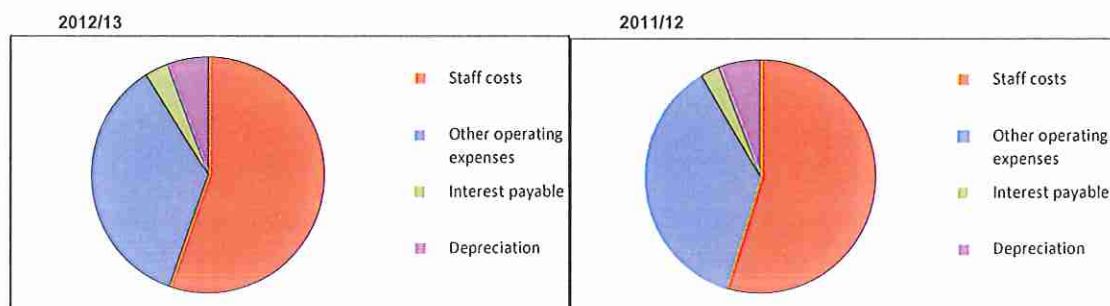
The decrease in HEFCE funding and the increase in tuition fees results from the introduction of new fee arrangements in higher education. For first year undergraduate students in 2012/13, the headline fee charged was £8,500 (2011/12: £3,465). There is a consequent reduction in HEFCE funding for these students. The number of undergraduate students fell by 1,300 from 2011/12.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

The total expenditure of £192,145k is categorised as follows:



Total expenditure was reduced by £331k which included the following movements:

Movement in expenditure	£'000
Increase in staff costs	782
Decrease in other operating expenses	-2,035
Increase in interest payable	1,078
Decrease in depreciation charge	-156
Decrease in expenditure	-331

The increase in staff costs of £0.8m represents salary cost inflation of £2.4m, offset by a staff reduction of 27 FTEs (£1.5m). The decrease in operating expenses represents reduced franchising costs of £2.1m. The increase in interest payable of £1m arises from the pension scheme adjustment (FRS17).

Capital expenditure

Expenditure on fixed assets totalled £6.2m, £3.3m of which was on freehold buildings. Improvements to the estate continue to be carried out in accordance with the Campus Development Plan (CDP). Enhancements made include the creation of a new retail area in the Kingston Hill Campus food store, which is operated by the Students' Union (£670k); refurbishment of the Avionics Building to provide additional studio space (£285k); and replacement boilers at the Seething Wells residences (£192k). The University has also spent over £6m during the year on estate maintenance.

Treasury management

Performance against the financial strategy KPIs relating to liquidity and borrowing capacity are summarised as follows:

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

	Target	2012/13	2011/12
Net liquidity (days)	<90	229	205
External borrowings as a multiple of EBITDA	<4.0	1.7	1.8

Cash generated from operations amounted to £24.1m (£24.5m in 2011/12) with a year-end cash balance of £113.7m (£101.7m in 2011/12). The average cash balance over the year was just under £108m. The treasury management policy specifies the parameters within which surplus funds can be invested in terms of financial standing of the institutions and monetary value and there is a clear process to handle variations to this policy when it is necessary. All excess balances are invested with secure UK and European banks over a range of deposits from call accounts to 12-month placements.

The University's long-term debt amounts to £47.5m, summarised in the table below:

	Rate	Outstanding amount £m	Repayment date
Barclays loan	4.84%	38.4	30.9.20
Finance leases	7.5%	9.1	1.4.19 to 1.4.22

The Barclays loan funded the first stage of the campus development plan which is now substantially complete. The finance leases relate to three halls of residence, Middle Mill, Kingston Bridge House and Chancellors.

In addition to the above commitment, the University has a PFI contract for the renovation and running of the Clayhill halls of residence. The University pays a unitary charge of £2.1m per annum which escalates by no more than 3% per annum. The renovation costs relating to this agreement are not included on the balance sheet, in accordance with FRS5.

Financial outlook

The university has generated substantial surpluses for the last five years as shown in the table below:

£m	2008/09	2009/10	2010/11	2011/12	2012/13
Historical cost surplus	12.0	16.7	20.6	11.6	11.3
Cash generated from operations	21.9	24.3	27.4	26.1	24.0

The Board of Governors approved a methodology to review the going concern of the University at its meeting in July 2012. The review was undertaken in accordance with recommendations from the Financial Sustainability Strategy Group, as included in the report "assessing the sustainability of higher education institutions" prepared by JM Consulting. This recommends the governing body undertakes an internal review of sustainability and that this is recorded in the annual report.

The recruitment levels for home/EU and overseas students are being closely monitored and the University plans to meet the financial strategy target surplus level of 5% minimum fee and funding income for 2013/14.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

7. Performance and operation of the University

The University monitors performance across the range of its activity through a suite of performance indicators derived from Kingston's strategic objectives. The Board of Governors agreed a set of 10 key performance indicators (KPIs) in 2006 and these were reviewed in 2009 in the light of CUC guidance on the use of performance indicators in University governance.

A new framework of performance indicators was implemented in 2012/13 following the launch of *Led by Learning*. The list of University-level performance indicators has been revised and extended to 15, with some of these disaggregated to faculty and course level for internal management purposes.

In addition to a review of the definitions and targets for each indicator, the schedule of updates has been smoothed into an annual cycle. The process still provides an annual review of progress, which aims to give assurance of the institution's sustainability, but individual indicators are also closely monitored throughout the year.

At each of five Board of Governors meetings per year, detailed updates of two, three or four performance indicators are discussed. The updates comprise the latest data in a time series, a faculty by faculty breakdown (where appropriate) and an external sector comparison. A brief description of the actions to effect further improvement is also provided in each indicator's one-page summary. Prior to reaching the Board of Governors, these updates are considered by the senior management team and a red, amber or green flag is associated with the update.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

June 2013 Update of Summary

University-Level Key Performance Indicators

ID	Title	Definition	Responsibility	Year of previous value	Previous Value	Short Term Target	Latest result	Long Term Target	Notes
64	Entry Standards	Average Tariff points for Young First Degree Entrants	Planning	2010/11	261	265	313	in median of Alliance Group	
99	Student Retention	Full-time First Degree Retention of First Year Entrants - Young & Mature (HESA performance indicator 3a)	Planning	2009/10 Entry Cohort	66.1%	67.5%	67.0%	90% by 2015/16	1
163	ISS Overall Satisfaction	% of students taught at IU expressing overall satisfaction with their course	Planning	2011/12	75%	Improvement towards 83%	<August 2013>	Exceed sector median by 2015/16	
164	Staff Qualifications	% of salaried staff with academic responsibilities who have either a Doctorate, qualifications in Learning & Teaching or both	Human Resources	2011/12	-	25%	<September 2013>	100% of students taught by staff with a doctorate, a qualification in learning & teaching or both, by 2020/21	2
35	Staff Engagement	Composite percentage score approximating staff engagement, derived from multiple questions in staff survey conducted by Capita Surveys & Research	Human Resources	2011/12	74%	-	<September 2014>	Engagement Score of 75% in 2014	3
49	Minimum level of financial surplus	Percentage ratio of historical surplus/(deficit) for the year after taxation to total income (excluding pension cost adjustments) (HEFCE metric 22a)	Finance	2010/11	9.75%	4.01%	4.01%	Minimum of 5% (3 years rolling) & 4% in any single year	
55	External borrowings as a multiple of EBITDA	The ratio of external borrowings to earnings before interest and taxation	Finance	2010/11	1.97	Does not exceed 4.0	1.66	Does not exceed 4.0	4
56	Minimum level of cash liquidity	Days ratio of net liquidity to total expenditure (excluding depreciation & pension cost adjustments) (HEFCE metric 26a)	Finance	2010/11	196 days	90 days minimum	206	90 days minimum	
61	Gearing Ratio	External borrowing/reserves excluding pension liability but including valuation reserve (HEFCE metric 32a)	Finance	2010/11	41%	Not more than 45%	26%	Not more than 45%	
100	Satisfaction rate in PG survey	% of postgraduate respondents expressing that the overall experience of their course has met or exceeded expectations (O13 g in survey co-ordinated by HEA)	ADC	2011/12	83%	83%	<September 2013>	within 1% of sector average or greater by 2016	5
16	University external research funding	Value of research bids successful in year plus enterprise income reported in HESOS return. Subtract research funding from industry (to avoid double count) and in-kind payments	Research Committee Business & Enterprise Committee	2010/11	£4.2m	£4.3m	£3.1m	£6.2m by 2014/15	
27	Research Students	Number of research students completing studies in reporting period, having commenced full-time studies in preceding 5 years (or part-time studies in preceding 8 years)	Research Committee	2010/11	35		45		
101	Position in Universities Green League	Ranking, Award and Status in annual 'green' league table	Planning	2012	42nd - First Class Award with score of 40.5	Maintain First Class Award and score 42/70	2:1 score detail pending	Score within 10% of league leader	6
102	Graduate Prospects	% of FT first degree qualifiers obtaining full-time work or undertaking further study in the annual DLHE returns	Planning	2010/11	83.50%	86%	84.8%	90% by 2015/16	
139	Estate condition	% of non-residential estate in EMS condition categories A & B	Estates	2010/11	52%	PR, FP & FH surveys undertaken	50%	65%	

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

The position at the end of June 2013 revealed one KPI (graduate prospects) flagged as red which is commented on as follows:

Employability

Having arrested the fall in the proportion of graduates finding work or undertaking further study in 2011/12, the DLHE survey results for 2012/13 showed an improvement of 1.5%. This is a faster recovery than that of the sector as a whole but the University is still performing beneath expectations and is taking this performance measure extremely seriously. However, sector statistics do seem to demonstrate a negative London effect and within this context, Kingston performs well in relation to its peer institutions.

8. Sustainability

The focus over the last year has been to create systems of governance and delivery to embed sustainability, prioritise actions in high impact areas and make optimal use of resources. This has resulted in ceasing to undertake some activities in order to focus on creating clear policy objectives, action plans for delivery, indicators for measuring progress and supporting the establishment of cross-departmental implementation groups to take forward the sustainability strategy, advised by a new sustainability review group.

The Sustainability Hub has been restructured to ensure the focus and expertise to specify and deliver targets. The aim is for every member of staff to be aware of sustainability, how it applies to their role and is able to undertake activities which contribute to improving Kingston's performance in order to meet Governmental legislative requirements and demonstrate long-term value for money.

The board-level KPI for sustainability is the People and Planet Green League, in which a score of 37 (out of a possible 70 and down 3.5 points from 2012) was achieved, resulting in a ranking of 61st in the UK and a 2:1 award (down from 42nd and a first). This KPI has acknowledged weaknesses and the University will also report on other indicators to ensure a comprehensive and resilient approach.

Key developments and achievements include:

- A reduction of 619 CO2 tonnes was achieved, saving c£110k (assuming average £0.08 per kWh)
- An Invasive Flora Management Plan and GIS maps of invasive species (eg: rhododendron) to aid monitoring and removal have been created.
- Over a dozen events, attended by almost 300 people, volunteering over 850 hours included: removing invasive species; maintaining the Dorich House Orchard; pond clearing at Kingston Hill; maintaining the woodland; Hogsmill eel monitoring; litter picks; monitoring the bee hives; bat and deer walks.
- Reductions through identification and rectification of leaks and rainwater harvesting.
- Sustainability has been integrated throughout the new Estates Strategy with energy reduction, biodiversity, BREEAM and sustainability standards.
- Improved staff engagement through the Green Impact award, now in its second year.
- Leadership for sustainability: the Director of the Sustainability Hub chairs the London Universities Environment Group; manages the Mayor's Low Carbon Prize.

9. People

Development and training

Training planning was strengthened, focussing on three key areas for development during 2012/13; staff experience; culture, values and behaviours; change and performance appraisal. Additional resources were agreed to support change and performance appraisal and the existing budget offered a range of leadership and management development opportunities, induction, core and professional skills development programmes and learning and career development activities. Kingston was part of a successful national pilot to introduce a HE graduate training programme, hosting two graduates in three placements over 15 months. This programme has been expanded for 2013/14.

Members of staff also have a range of support mechanisms available to them, including a comprehensive employee assistance programme for confidential guidance and advice, face-to-face counselling and a harassment contact scheme. The University continues to seek improvements in health & safety through in-house occupational health services and wellbeing events.

Staff engagement, which is monitored through an institutional KPI, remains an important area for development. Since the last staff survey the University has improved engagement data collection. The Human Resources team continues to support an active group of engagement representatives who work with their management teams on local engagement issues and translate corporate actions into practice.

The University aims to provide staff with timely and appropriate communication and wherever possible to ensure that this is a two-way process. There are various communication channels which include a monthly newsletter from the Vice-Chancellor; fortnightly e-bulletins; Staff Space - a web-based information and news portal; Yammer, an internal social network; and managers' briefing notes. Kingston has a good record of constructive industrial relations and relationships with its recognised unions – University & College Union (UCU), UNISON, Royal College of Nursing (RCN) and Royal College of Midwives (RCM).

Reward and Recognition

Kingston rewards and recognises good performance and supports continuous improvement in teaching, research, enterprise, professional practice and administration. The HR team undertook several strategic reward projects during 2012/13 including a new executive and senior staff pay framework; a University success share scheme and a recognition scheme.

Key elements of the University's reward package are the statutory pension schemes: the Teachers' Pensions Schemes (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for support staff. The University also supports membership of the Universities Superannuation Scheme (USS) if employees were scheme members immediately prior to joining Kingston. All eligible employees not currently in a pension scheme were auto-enrolled into one of the schemes on 1 May 2013 in accordance with the new pensions auto-enrolment legislation.

Equality and diversity

In 2012/13, Kingston took bold steps forward in its commitment to equality and inclusion for its diverse student and staff body. The equality unit consulted on and developed an institutional equality, diversity and inclusion strategy that is delivered through a dynamic action plan which supports Led by Learning and is measured by key equality performance indicators.

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

Resulting performance improvements include: the development and implementation of a code of practice for the selection of staff and an equality impact assessment - both of which were compulsory requirements for the University's submission to the Research Excellence Framework (REF2014); the subsequent inclusion of staff with individual circumstances whose excellent work would otherwise not have been submitted to the REF 2014; a central fund for reasonable adjustments and guidance for disabled staff enabling them to contribute efficiently and effectively; developing policies and guidance for academic staff to promote an inclusive teaching and learning environment; a marked improvement in the perception of staff who took part in the last staff survey that Kingston is a place where equality and diversity are valued.

An application is being prepared for the Athena SWAN bronze award which will enable the University to direct resources to maximise its talent base by improving gender equality in science, engineering and technology (SET) areas and to apply for funding for which the award is a pre-requisite. To enhance performance (including for example on equality KPIs, NSS scores), equality and inclusion were embedded into the new academic progression and promotion procedure.

10. Principal risks and uncertainties

Strategic Risk Register (SRR)

The University strategy Led by Learning was approved by the Board of Governors early in 2012. The University maintains a strategic risk register, working closely with the senior management team and individual risk owners. The latest version of the risk register was signed by the board of governors in July 2013. The SRR will be reviewed again in November 2013.

The SRR has been developed in close alignment with the objectives included in the Led by Learning strategy. The volatility of the environment in which the HE sector now operates presents the University with a number of external risks. These have been considered and preventative, or mitigating, actions put in place. These risks include:

- Possible substantial reduction in student demand for places due to many external influences;
- Compromise in quality and/or inability to recruit to target due to government policy changes and other contributing factors;
- Reduction in international market due to UKBA policy changes.

These, and other, high level risks have required changes to the process by which risks are managed and reviewed within the University (including changes to emphasis in the role of the audit and risk assurance committee and a requirement for all committees reporting to the board to demonstrate their emphasis on risk management). These process changes will enable University senior management to be aware of increasing probability and impact of risks and to take action to counter them.

The board and senior management have also requested a "risk tolerance" process to be implemented in order to establish levels of risk beyond which the institution would not wish to proceed with strategic developments.

Mitigation of risk

All of the risks identified in strategic risk register have their own action plans. These plans are overseen by the appropriate committee. For example a finance risk that relates to student fees is monitored by the fees group.

The strategic risk register is updated three times per year. At each update the actions are also analysed. They are then changed as appropriate.

OPERATING AND FINANCIAL REVIEW

(REPORT OF THE GOVERNING BODY)

2012-13 FINANCIAL STATEMENTS

11. Future Plans

The University is committed to maintaining its investment in academic developments and infrastructure despite the anticipated future financial challenges. The financial results for 2012/13 represent a robust financial position that will greatly assist in managing the risks and uncertainties. The financial strategy parameters have been met in 2012/13 and the medium-term plans require the cost base to match the income levels projected when the whole student body will be subject to the new fee arrangements and the sustainable recruitment position will be understood.

In addition to the measures described in section 7 above, a company has been appointed to review the university processes in the administration and student support areas. From this work a number of options will be considered as to the optimal structure and configuration of the University's support function.

12. Conclusion

The year 2012/13 has been another successful year both academically and financially. A sustainable surplus has been generated ahead of a period of change, re-organisation and planned investment. The financial planning process recognises the impact of reduced student recruitment levels and the need to contain costs to achieve the sustainable surplus levels of 5% fee and funding income over a rolling three year period.



David Edmonds
Chairman of the Board of Governors



Professor Julius Weinberg
Vice-Chancellor

RESPONSIBILITIES

OF THE

BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for the administration and management of the affairs of Kingston University and its subsidiaries, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for ensuring that proper accounting records are kept that disclose at any time and with reasonable accuracy the financial position of the University and its subsidiaries, to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, applicable law and United Kingdom Generally Accepted Accounting Practice. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of Kingston University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of Kingston University and its subsidiaries, and of the surplus or deficit and cash flows for that year.

Financial statements are published on Kingston University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Ensuring the maintenance and integrity of Kingston University's website is the responsibility of the Board of Governors. The Board of Governors' responsibility also extends to the ongoing integrity of the financial statements contain therein.

In relation to the preparation of the 2012/2013 financial statements, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Kingston University has adequate resources to continue in operations for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and Further Education Funding Council, and Teacher Training and Development Agency are used only for the purpose for which they have been given and in accordance with the Financial Memorandum dated 2010 with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that income has been applied in accordance with the Education Reform Act 1988;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of Kingston University and its subsidiaries and prevent and detect fraud; and
- secure the economic, efficient and effective management of the resources and expenditure of Kingston University and its subsidiaries.

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the university's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The board members are not aware of any relevant audit information of which the auditors are unaware.

LIST OF BOARD OF GOVERNORS**OF KINGSTON UNIVERSITY**

Heather ALLAN	Appointed 21 November 2012
Jan BROADBENT	Appointed 21 November 2012
Chris BROOKS	
David CARTER	
Cllr Stephen COOKSEY	
Dr James DENHOLM-PRICE	
David EDMONDS	Appointed 21 November 2012
Gary ERNEST	Appointed 21 November 2012
Bruce FRASER	
Professor Caroline GIPPS	
Denza GONSALVES	Appointed 10 July 2013
Lesley GRANGER	
Robert GREEN	
Sean KELLY	Retired 10 July 2013
Frank KENNEDY	
Prof Peter KOPELMAN	
Peter MAYHEW-SMITH	Appointed 10 July 2013
Sir Roderic LYNE	Retired 10 July 2013
Neil MACINTOSH	
Dr Sunitha NARENDRAN	
Sue RIMMER	Retired 10 July 2013
John RIPLEY	
Liz Rylatt	Appointed 21 November 2012
Jane Scott	Appointed 21 November 2012
Professor Julius WEINBERG	
Jo Woods	Appointed 21 November 2012

OF KINGSTON UNIVERSITY

As the governing body of Kingston University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the instrument of Governance for 'Kingston University Higher Education Corporation' which provides for Kingston University's Articles of Governance and the Financial Memorandum with the HEFCE. The Board of Governors formally adopted the CUC Code of Practice at its meeting on 23 September 2009. During the period covered by these Statements, the Board of Governors has undertaken a review of its own effectiveness, in line with the guidance issues by the CUC. The Report concluded that '...governance is basically sound, and that appropriate arrangements are in place for providing the necessary oversight and assurance required by the various stakeholder bodies'. The Board has approved a detailed action plan to address the recommendations in the report and has already started to implement a number of steps including a reduction in the overall size of the Board and the changes to its committee structures. The Nominations & Governance Committee has been monitoring the action plan during the year and consider any substantive changes before making recommendations to the Board.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place during the Year ended 31 July 2013 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a. We meet at regular intervals five times a year and consider the plans and strategic direction of the institution.
- b. We receive periodic reports from the chairman of the Audit Committee concerning, internal control, governance, value for money, risk management and data quality.
- c. The University has established a Risk Management Committee to oversee risk management, which met five times during the year, reporting to the SMT (Senior Management Team) and The Audit Committee.

- d. The Audit Committee meets four times a year and receives regular reports from the Head of Internal Audit (Managing director of Kingston City Group – Internal Audit Consortium), which include an independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
- e. A regular programme of review exists to keep up-to-date the record of risks facing the organisation at both strategic and operational levels.
- f. A robust risk prioritisation methodology based on risk ranking has been established in the identification and evaluation of risks.
- g. A series of organisation-wide risk registers is maintained on an on-going basis by nominated risk managers across the institution.
- h. A programme of risk awareness training has also been started and will continue as part of the annual Risk Management programme.
- i. A system of key performance and risk indicators has been developed and incorporated in detailed strategic and operational monitoring modules, which derive from risk registers across the institution; these modules track the progress made with implementing agreed actions for the mitigation of identified risks.
- j. The process of risk management is fully embedded and integrated within the institution's planning processes, at both strategic (institutional) and operational (Faculty and Departmental) levels.

Our review of the effectiveness of the system of internal control is informed by Kingston City Group, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in June 2008. Kingston City Group submits regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter, other reports and attendance at certain Audit Committee meetings.

David Edmonds
Chairman of the Board of Governors

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

Independent Auditors' Report to the Board of Governors of Kingston University

We have audited the financial statements of Kingston University for the year ended 31 July 2013 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses, the Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governors, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2013 and of the Group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions"

INDEPENDENT AUDITORS' REPORT

TO THE
BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice

In our opinion, in all material respects:

- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- The statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the Group and the University.



James Aston (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom

Date: 29 November 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013

	Notes	2012/13 £000s	2011/12 £000s
INCOME			
Funding Council grants	2	54,883	73,531
Tuition fees and education contracts	3	115,187	97,875
Research grants and contracts	4	2,934	3,301
Other income	5	28,572	27,268
Endowment and investment income	6	1,110	1,355
Total income		202,686	203,330
EXPENDITURE			
Staff costs	7	106,297	105,516
Other operating expenses	8	68,672	70,706
Interest payable	9	6,265	5,187
Depreciation	10 & 11	10,911	11,067
Total expenditure		192,145	192,476
Surplus on continuing operations after depreciation of assets		10,541	10,854
Taxation	1	-	-
Surplus on continuing operations after depreciation of assets and tax	20	10,541	10,854

The income and expenditure account is in respect of continuing activities.

The notes on pages 27-56 form part of these financial statements.

**STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2013**

	2012/13 £000s	2011/12 £000s
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	10,541	10,854
Movement in restricted and endowment reserves	41	197
Adjustments associated with pension schemes:		
Actuarial gain/ (loss) in respect of pension schemes	16,224	(18,954)
Total recognised gains and losses since last annual report	26,806	(7,903)
Reconciliation		
Opening reserves and endowments	114,749	122,652
Total recognised gains and losses for the year	26,806	(7,903)
Closing reserves and endowments	141,555	114,749

The notes on pages 27-56 form part of the financial statements.

CONSOLIDATED STATEMENT OF
HISTORICAL COST SURPLUSES AND DEFICITS
 FOR THE YEAR ENDED 31 JULY 2013

	Notes	2012/13 £000s	2011/12 £000s
Surplus on continuing operations before taxation		10,541	10,854
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	19	708	708
Historical cost surplus for the period before taxation		11,249	11,562
Historical cost surplus for the period after taxation		11,249	11,562

BALANCE SHEET

FOR THE YEAR ENDED 31 JULY 2013

		Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
	Notes			Restated	Restated
Fixed Assets					
Tangible assets	10	183,529	178,578	188,154	183,057
Investments	10	115	6,232	115	6,258
Total fixed assets		183,644	184,810	188,269	189,315
Endowment Assets	11	2,014	2,014	1,974	1,974
 Current Assets					
Stock		327	327	282	280
Debtors	12	9,981	10,785	11,490	11,955
Cash at bank and in hand		113,770	106,150	101,760	94,494
		124,078	117,262	113,532	106,729
Creditors: amounts falling due within one year	13	(34,264)	(33,544)	(35,821)	(35,137)
Net current assets		89,814	83,718	77,710	71,592
Total assets less current liabilities		275,472	270,542	267,954	262,881
Creditors: amounts falling due after more than one year	14	(48,575)	(48,575)	(51,133)	(51,133)
Net Assets excluding pension liability		226,897	221,967	216,821	211,748
Pension Liability	15	(71,048)	(65,998)	(85,474)	(81,598)
Net Assets including pension liability		155,849	155,969	131,347	130,150

BALANCE SHEET (continued)

FOR THE YEAR ENDED 31 JULY 2013

		Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
	Notes			Restated	Restated
Deferred capital grants	16	14,294	14,294	16,600	16,600
Endowment					
Restricted expendable	17	791	791	734	734
Restricted permanent	17	1,223	1,223	1,239	1,239
Reserves					
Revaluation reserve	18	53,092	53,092	53,800	53,800
General reserve	19	157,497	152,567	144,448	139,375
Total reserves excluding pension liability reserve		210,589	205,659	198,247	193,175
Pension liability reserve	15	(71,048)	(65,998)	(85,474)	(81,598)
Total reserves including pension liability reserve		139,541	139,661	112,773	111,577
TOTAL		155,849	155,969	131,347	130,150

The notes on pages 27-56 form part of the financial statements.

The financial statements on pages 21 to 56 were approved and authorised for release by the Governing Body on 27 November 2013 and were signed on its behalf by:

David Edmonds

Chairman of the Board of Governors

Professor Julius Weinberg

Vice-Chancellor and Chief Executive

CONSOLIDATED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2013

		2012/13 £000s	2011/12 £000s
	Notes		
Cash flow from operating activities	20	24,073	24,578
Returns on investments and servicing of finance	21	(2,294)	(2,703)
Capital expenditure and financial investment	22	(7,514)	(13,928)
Financing	23	(2,258)	(3,289)
Increase in cash in the period		<u>12,007</u>	<u>4,658</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		12,007	4,658
Movement in endowment asset		57	214
Change in net debt resulting from cash flows		2,258	3,289
Movement in funds in period		<u>14,322</u>	<u>8,161</u>
Net funds at 1 August		51,988	43,827
Net funds at 31 July	24	<u>66,310</u>	<u>51,988</u>

The notes on pages 27-56 form part of the financial statements.

NOTES TO THE ACCOUNTS

Year ended 31 July 2013

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education July 2007 and applicable UK accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a Basis of Accounting

The Financial Statements are prepared on the historical cost basis, as modified by the revaluation of land and buildings.

b Basis of Consolidation

The consolidated financial statements include the financial statements of the University and all its subsidiary undertakings for the financial years 31 July 2013 and 2012. The consolidated financial statements exclude the financial statements of the Kingston University Students' Union as the Union does not constitute a subsidiary or quasi-subsidiary undertaking under the definitions of Financial Reporting Standards 2 and 5.

The University entered into a joint arrangement with St George's Hospital Medical School on 1 January 1996. Under the terms of the joint arrangement, assets and liabilities are divided equally and 50% of the value of the appropriate assets and liabilities has been included in the Balance Sheet of the University. The arrangement has been accounted for as a joint arrangement that is not an entity in compliance with FRS9. The basis of apportionment of the income and expenditure is in proportion to the awards granted by each institution.

c Tangible Fixed Assets

Land and Buildings

Freehold land is stated at a clear site land value based upon a valuation report prepared by the Chartered Surveyors, Dunphys, as at 31 July 1993. Assumptions made in preparing the report include planning permission for development for a use prevailing in the vicinity of each site and no unusual costs in developing any of the sites. Given the specialist nature of the usage of the land, these assumptions give a best approximation of existing use land value.

Freehold Buildings inherited from the Local Authority on 1 April 1989 are stated in the accounts at depreciated replacement cost in accordance with the Royal Institute of Chartered Surveyors' Guidance notes concerning asset valuation. This value is based upon a valuation report prepared by the Chartered Surveyors, Dunphys, as at 31 July 1993. Under the transitional provisions of FRS15 the valuation has not been updated since this date.

All other buildings are shown in the accounts at cost less accumulated depreciation.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation.

The historical cost of land and buildings included in the balance sheet at valuation is not available and therefore cannot be disclosed.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

d Depreciation

Land is held freehold and is not depreciated as it is considered to have an indefinite useful economic life.

Freehold buildings are depreciated on a straight line basis over the estimated remaining useful economic life of each asset. The useful economic lives of main buildings are fifty years. Minor works projects are deemed to have a useful economic life between five and fifteen years.

Previously the University depreciated some of its freehold buildings using the component accounting method. During the year the University has standardised the accounting treatment by depreciating the entire cost of a new building over 50 years. This has resulted in a reduction of depreciation by £1,032kpa.

Plant, machinery and other equipment has a capitalisation threshold of £10,000 per individual item or group related items and is depreciated on a straight line basis as follows:

Major Plant	-	10 years
Fixtures & Fittings	-	6 years
Minor Plant	-	5 years
Vehicles	-	5 years
Educational Equipment	-	5 years
Computer Equipment - Servers	-	5 years
Computer Equipment - Minor	-	3 years

The Dorich art collection is not depreciated as it is considered that the carrying value of the asset will continue to be at least equal to the residual value of the asset.

e Investments

Other investments are shown at cost less any provision for impairment.

f Stocks

Stocks are stated at the lower of cost and net realisable value.

g Recognition of income

The recurrent grant from HEFCE, other funding council grants and the NHS contracts income represent the funding allocation that is attributable to the current financial year and is credited directly to the Income and Expenditure account.

Tuition fees represent student fees received and receivable, attributed to the current accounting period.

Income from Research Grants and Contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

Income from other services rendered is included to the extent of completion of contract or services concerned and is measured at the fair value of the consideration receivable.

Income used to acquire tangible fixed assets is credited to deferred capital grants and released to the Income and Expenditure Account over the estimated useful lives of the relevant assets.

The University acts as an agent in collection and payment of training bursaries from the Training and Development Agency and of Access Funds from the HEFCE. Related payments received from the Training and Development Agency and the HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 29 to the accounts.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

h Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 – 488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted Section 505 of the Income and Corporation Tax Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

All subsidiary companies are liable to Corporation Tax and Value Added Tax in the same way as any other commercial organisation. The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University.

i Operating Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the lease.

j Pension Costs

The University contributes to a number of defined benefit pension schemes and accounts for the costs in relation to these schemes in accordance with FRS17 (Retirement benefits).

Where the University is unable to identify its share of the underlying assets and liabilities in a defined benefit pension scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total contributions payable in the year.

For other defined benefit schemes, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service costs are included within staff costs. Interest Payable includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest costs being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

On 22 June 2010 it was announced in the Chancellor's Emergency Budget that increases to public sector pensions will in future be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). These revised pension increase were effective from 1 April 2011.

k Finance Leases

Assets held under finance leases arising from lease and lease-back transactions are shown at cost and depreciated over their estimated useful lives.

The finance charges are allocated over the period of the lease in proportion to the amount of capital outstanding.

l Endowment Assets

Assets donated to the University are included in the Income and Expenditure Account for the year at valuation, and subsequently transferred to specific reserves and released where appropriate in accordance with depreciation charged in the Income and Expenditure Account.

Income from expendable endowments, permanent restricted endowments and other restricted income is included in the Income and Expenditure Account for the year at valuation and released where appropriate in accordance with depreciation charged in the Income and Expenditure Account.

m Reserves Policy

Revaluation Reserve: Upon achieving corporate status under the 1998 Education Reform Act the original value of the inherited assets and liabilities was transferred to capital reserves. Revaluation of inherited land and buildings was carried out in July 1993. The revaluation reserve includes these elements. A transfer is made from the revaluation reserve to the income and expenditure reserve, for an amount equivalent to the difference between historical cost depreciation and the actual charge for the period.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

2 FUNDING COUNCIL GRANTS

	2012/13 £000s	2011/12 £000s
Recurrent grant (including research element)	48,621	64,735
HEFCE specific grants	949	1,014
Teaching Agency	1,744	3,578
SFA	678	380
Deferred capital grants released in year	2,891	3,824
	54,883	73,531

3 TUITION FEES AND EDUCATION CONTRACTS

	2012/13 £000s	2011/12 £000s
Full-time UK and EU students	71,867	55,405
Part-time UK and EU students	6,010	6,249
Channel Island students	301	328
Overseas full-time students	24,183	22,412
Overseas part-time students	966	936
NHS teaching contracts	9,305	10,208
Short course fees	2,555	2,337
	115,187	97,875

4 RESEARCH GRANTS AND CONTRACTS

	2012/13 £000s	2011/12 £000s
Research Councils	856	1,064
UK based charities	342	291
Other research grants and contracts	1,736	1,946
	2,934	3,301

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

5 OTHER INCOME

	2012/13 £000s	2011/12 £000s
Residencies and catering	17,843	17,047
Income from UK public bodies	3,606	3,391
Income from EU based organisations	286	215
Income from University shops	174	173
Income from sports facilities	103	223
Course validation fees/teaching contracts	949	1,163
Nursery fees	144	160
Field trips	363	380
Graduation ceremonies	290	279
Sale of teaching materials	417	565
Release from deferred capital grant	14	89
Release from endowment reserve	-	-
Other income	4,383	3,583
	<u>28,572</u>	<u>27,268</u>

6 ENDOWMENT AND INVESTMENT INCOME

	2012/13 £000s	2011/12 £000s
Interest receivable	1,110	1,355
	<u>1,110</u>	<u>1,355</u>

7 STAFF

	2012/13 £000s	2011/12 £000s
Staff Costs		
Wages and salaries	85,676	85,037
Social security costs	7,218	7,264
Other pension costs	13,403	13,215
	<u>106,297</u>	<u>105,516</u>

There were no costs included in respect of compensation for loss of office for employees earning over £100,000 (2012: Nil)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

7 STAFF continued

Vice-Chancellor and Chief Executive

2012/13	2011/12
£000s	£000s

The emoluments of the Vice-Chancellors serving in the year were as follows:

Vice Chancellor

Emoluments	197	190
Employer's contribution to pension fund	32	30
	229	220

Executive Managers

£160,001 - £170,000
£130,001 - £140,000
£120,001 - £130,000
£110,001 - £120,000
£100,001 - £110,000

2012/13	2011/12
No.	No.
1	1
1	-
-	1
5	4
2	2

The average number of persons employed by the University during the year, expressed as full-time equivalents was:

2012/13	2011/12	
No.	No.	
	Restated	
Executive, senior and academic staff	927	939
Research, language and teaching assistants	45	51
General and professional staff	1,174	1,182
	2,146	2,172

The total sum of £1.8k was claimed as expenses by five members of the Board of Governors during 2012/13.

All of the expenses were in respect of travel and subsistence. No remuneration is provided to governors for services provided as governors, or for any other services.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

8 OTHER OPERATING EXPENSES

	2012/13 £000s	2011/12 £000s
		Restated
Residencies, catering and conferences	12,831	11,374
Staff development	907	1,075
Recruitment costs	339	381
Other employee costs	1,987	2,105
Teaching materials	2,963	3,018
Academic equipment	1,478	2,358
Franchising costs	6,160	8,305
Student Bursaries	5,732	6,106
Other academic expenses	9,598	10,650
Overseas recruitment costs	1,160	902
Agency costs	1,556	1,176
Administrative Equipment	1,493	1,770
Utilities	2,083	1,198
Repairs and general maintenance	3,701	4,077
Other premises expenses	757	660
Grant to Kingston University Students' Union	707	695
Rent	1,340	1,244
Rates	515	496
Internal Auditors remuneration: audit services	203	212
External Auditors remuneration: audit services	64	70
Equipment hire	612	565
Other expenses	12,487	12,270
	68,672	70,706

Operating Lease Expenses included in the above are:

Land and buildings related	836	1,009
----------------------------	-----	-------

9 INTEREST PAYABLE

	2012/13 £000s	2011/12 £000s
On loans payable wholly or partly in more than 5 years	2,621	2,686
On finance leases	1,147	1,120
	3,768	3,806
On pension schemes	2,497	1,381
	6,265	5,187

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

10 **FIXED ASSETS**

Tangible Assets
CONSOLIDATED

	Freehold Land £000s	Freehold Buildings £000s	Plant, Machinery, Equipment £000s	Assets Under Construction Total £000s	Total £000s
Cost or Valuation					
Balance as at 1 August 2012					
Valuation	32,874	216,519	40,957	-	290,350
Cost	-	-	-	-	-
Additions	-	2,933	2,937	400	6,270
Disposals	-	-	(4,065)	-	(4,065)
Balance as at 31 July 2013	32,874	219,452	39,829	400	292,555

Depreciation

Balance as at 1 August 2012	-	66,635	35,561	-	102,196
Charge in year	-	7,580	3,315	-	10,895
Disposals	-	-	(4,065)	-	(4,065)
Balance as at 31 July 2013	-	74,215	34,811	-	109,026

Net Book Value

As at 31 July 2013	32,874	145,237	5,018	400	183,529
--------------------	--------	---------	-------	-----	---------

As at 31 July 2012

	32,874	149,883	5,397	0	188,154
--	--------	---------	-------	---	---------

The depreciation charge has been funded by:

	2013	2012
Deferred capital grants released	2,048	2,702
Released from revaluation reserve	708	708
Financed from general reserve	8,139	7,641
	10,895	11,051

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

10 **FIXED ASSETS (continued)**
UNIVERSITY

Cost or Valuation

Balance as at 1 August 2012

Valuation

Cost

Additions

Disposals

Balance as at 31 July 2013

	Freehold Land £000s	Freehold Buildings £000s	Plant, Machinery, Equipment £000s	Assets Under Construction Total £000s	Total £000s
Balance as at 1 August 2012					
Valuation	32,874	37,875			70,749
Cost	-	171,913	39,967	-	211,880
Additions	-	2,933	2,937	400	6,270
Disposals	-	-	(4,065)	-	(4,065)
Balance as at 31 July 2013	32,874	212,721	38,839	400	284,834

Depreciation

Cost or Valuation

Charge in year

Disposals

Balance as at 31 July 2013

Cost or Valuation	-	65,164	34,408	-	99,572
Charge in year	-	7,580	3,169	-	10,749
Disposals	-	-	(4,065)	-	(4,065)
Balance as at 31 July 2013	-	72,744	33,512	-	106,256

Net Book Value

As at 31 July 2013

	32,874	139,978	5,327	400	178,578
--	--------	---------	-------	-----	---------

As at 31 July 2012

	32,874	144,624	5,559	-	183,057
--	--------	---------	-------	---	---------

As at 31 July 2013 the University had accrued approximately £151,355 (2012:£424,000) in respect of capital expenditure. The net book value of freehold buildings includes £8,094,000 (2012:£8,285,000) in respect of assets acquired under finance leases. The depreciation charge on these assets is £191,000 (2012:£191,000).

Included in the net book value of freehold land and buildings are Exchequer Assets of £7,998,561 (2012:£8,257,210). These assets can be disposed of freely by the University, but initially the proceeds of any sale must be offered to the HEFCE. The HEFCE may allow the University to retain any proceeds and has the right to attach conditions to the use of these funds.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

10 **FIXED ASSETS (continued)**

INVESTMENTS

CONSOLIDATED

As at 31 July 2013

As at 31 July 2012

UNIVERSITY

At 1 August 2012

Impairment

As at 31 July 2013

	Shares in Subsidiary Undertakings £000s	Other Investments £000s	Total £000s
As at 31 July 2013		115	115
As at 31 July 2012		115	115
At 1 August 2012	6,143	115	6,258
Impairment	26	-	26
As at 31 July 2013	6,117	115	6,232

The investments consist of shares in the University's subsidiaries listed below, together with other unlisted investments.

Subsidiary	Percentage Owned	Main Business
Kingston University Enterprises Limited	100%	Trading and consultancy
Kingston University Campus Enterprises Limited	100%	Vacation letting
Kingston University Service Company Limited	100%	Management of residencies and property services
Kingston University Innovations Limited	100%	Dormant
Kingston University Press Limited	100%	Publishing activity

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

11 ENDOWMENT ASSETS

CONSOLIDATED AND UNIVERSITY

Freehold Buildings £000s	Art Collection £000s	Total £000s
--------------------------------	----------------------------	----------------

Dorich House building and art collection:

Cost or Valuation

Balance as at 1 August 2012 and 31 July 2013

1,129	382	1,511
-------	-----	-------

Depreciation

Balance as at 1 August 2012 and 31 July 2013

272	-	272
-----	---	-----

Charge in year

16	-	16
----	---	----

Balance as at 31 July 2013

288	-	288
-----	---	-----

Net Book Value

Balance as at 31 July 2013

841	382	1,223
-----	-----	-------

Balance as at 31 July 2012

857	382	1,239
-----	-----	-------

Endowment Cash

Balance as at 31 July 2012

735

Movement during the year

56

Balance as at 31 July 2013

791

Total Endowment Asset

Balance as at 31 July 2013

2,014

Balance as at 31 July 2012

1,974

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

12 DEBTORS

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Amounts falling due within one year:			Restated	Restated
Trade debtors	7,647	7,421	8,488	8,353
Provision for doubtful debts	(3,531)	(3,529)	(3,788)	(3,788)
	4,116	3,892	4,700	4,565
Amounts owed by subsidiary undertakings	-	1,342	-	912
Accrued income	587	346	1,224	1,028
Other debtors	268	251	302	287
Prepayments	2,335	2,279	2,162	2,061
	<u>7,306</u>	<u>8,110</u>	<u>8,388</u>	<u>8,853</u>
Amounts falling due after more than one year:				
Other debtors	2,675	2,675	3,102	3,102
	<u>2,675</u>	<u>2,675</u>	<u>3,102</u>	<u>3,102</u>
	<u>9,981</u>	<u>10,785</u>	<u>11,490</u>	<u>11,955</u>

Debtors have been restated to include the amounts due from third parties for their share of the local government pension scheme liability. In 2011/12 this was accounted for by reducing the value of the pension liability.

**13 CREDITORS - AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Amounts owed to subsidiary undertakings	-	246	-	219
Obligations under finance leases	785	785	722	722
Term loan facility	1,794	1,794	1,673	1,673
Trade creditors	5,774	5,547	6,580	6,494
Other creditors including tax and social security	10,570	10,429	10,185	10,006
Student deposits	580	580	563	563
Accruals	6,663	6,065	8,334	7,696
Tuition fees in advance	1,856	1,856	1,787	1,787
Deferred income	3,894	3,894	3,658	3,658
Deferred credit on revenue grants	2,348	2,348	2,319	2,319
	<u>34,264</u>	<u>33,544</u>	<u>35,821</u>	<u>35,137</u>

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

**14 CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN
ONE YEAR**

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Obligations under finance leases	8,361	8,361	9,009	9,009
Term loan facility	36,639	36,639	38,433	38,433
Deferred income	2,902	2,902	3,018	3,018
Other loans	673	673	673	673
	48,575	48,575	51,133	51,133

Term Loans

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Balance at 1 August	40,107	40,107	41,659	41,659
Capital repayments	(1,673)	(1,673)	(1,552)	(1,552)
Total loans outstanding at 31 July	38,434	38,434	40,107	40,107

Obligations Term Loans

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s

Obligations under loans fall due as follows:

Within one year	1,794	1,794	1,673	1,673
In the second to fifth years inclusive	8,585	8,585	8,004	8,004
In over five years	28,055	28,055	30,430	30,430
	38,434	38,434	40,107	40,107

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

Obligations under Finance Leases

Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
----------------------------------	--------------------------------	----------------------------------	--------------------------------

Obligations under finance leases fall due as follows:

Within one year	1,792	1,792	1,807	1,807
In the second to fifth years inclusive	7,798	7,798	7,861	7,861
In over five years	5,936	5,936	8,326	8,326
	15,526	15,526	17,994	17,994
Less finance charges allocated to future periods	(6,380)	(6,380)	(8,263)	(8,263)
	9,146	9,146	9,731	9,731

Analysis of terms of repayment and rates of interest

For loans and leases falling due after more than five years

Lender	Value and type	Start date	Term	Interest rate
Roodhill Leasing (Middle Mill)	£4.1m lease	22/05/1997	01/04/2022	7.50%
Roodhill Leasing (Kingston Bridge House)	£3.4m lease	22/05/1997	01/04/2022	7.50%
Roodhill Leasing (Kingston Hill Chancellors)	£5.3m lease	22/09/1994	01/04/2019	7.50%
Barclays	£17m term loan	20/12/2005	30/09/2020	4.84%
Barclays (secured by fixed charge on Penrhyn Road property)	£35m term loan	31/07/2008	31/07/2031	5.35%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

15 PENSION LIABILITY

The pension liability has been measured in accordance with the requirements of FRS17 and relates to the Local Government Superannuation Scheme (LGSS) and the London Pensions Fund Authority (LPFA).

Further information is given in note 28.

	LGSS 2013	LPFA 2013	Total 2013	Total 2012
				Restated
CONSOLIDATED				
Opening balance	(81,598)	(3,876)	(85,474)	(64,140)
<u>Movement in year:</u>				
Current service cost	(6,605)	(173)	(6,778)	(6,791)
Contributions	6,662	383	7,045	6,999
Other finance (cost)	(2,376)	(119)	(2,495)	(1,423)
Gain / Loss on curtailments/settlements	1,903	(1,903)	-	
Actuarial gain / loss recognised in	16,016	638	16,654	(20,119)
Statement of total recognised gains and losses				
Closing balances	<u>(65,998)</u>	<u>(5,050)</u>	<u>(71,048)</u>	<u>(85,474)</u>
UNIVERSITY				
Opening balance	(81,598)	-	(81,598)	(61,390)
<u>Movement in year:</u>				
Current service cost	(6,605)	-	(6,605)	(6,595)
Contributions	6,662	-	6,662	6,606
Other finance (cost)/gain	(2,376)	-	(2,376)	(1,317)
Gain / Loss on curtailments/settlements	1,903	-	1,903	0
Actuarial gain / loss recognised in	16,016	-	16,016	(18,902)
Statement of total recognised gains and losses				
Closing balances	<u>(65,998)</u>	<u>-</u>	<u>(65,998)</u>	<u>(81,598)</u>

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

16 DEFERRED CAPITAL GRANTS

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Balance at 1 August	16,600	16,600	19,949	19,949
Movements:				
Grants received	699	699	475	475
Release to income and expenditure account				
- Funding Council Grants	(2,909)	(2,909)	(3,735)	(3,735)
Release to income and expenditure account				
- Other income	(14)	(14)	(89)	(89)
Transfer to creditor within one year	(82)	(82)	-	-
Balance at 31 July	14,294	14,294	16,600	16,600
Amount to be released within one year	(1,661)	(1,661)	(1,930)	(1,930)
Amounts to be released after more than one year	12,633	12,633	14,670	14,670

17 RESTRICTED ENDOWMENTS

	Philip Russell Scholarship £000s	Other £000s	Total £000s
EXPENDABLE			
Balance at 1 August	41	693	734
Transfer to income and expenditure account	(6)	(300)	(306)
Income received	-	363	363
Balance at 31 July	35	756	791

PERMANENT

	Dorchester House £000s	Total £000s
Balance at 1 August	1,239	1,239
Transfer to income and expenditure account	(16)	(16)
Balance at 31 July	1,223	1,223

18 REVALUATION RESERVE

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
Balance at 1 August	53,800	53,800	54,508	54,508
<u>Transfer to General Reserve:</u>				
Difference between historical cost depreciation and actual charge for the period calculated on re-valued amount	(708)	(708)	(708)	(708)
Balance at 31 July	53,092	53,092	53,800	53,800

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

19 *MOVEMENT ON GENERAL RESERVE*

	Consolidated 2012/13 £000s	University 2012/13 £000s	Consolidated 2011/12 £000s	University 2011/12 £000s
			Restated	Restated
Income and expenditure account reserve at 1 August	144,448	139,375	131,286	126,141
Surplus retained for the year	10,541	12,496	10,854	10,832
Transfer from/(to) pension reserve	1,800	(12)	1,600	1,694
Transfer from revaluation reserve	708	708	708	708
	157,497	152,567	144,448	139,375

20 *NET CASH INFLOW FROM OPERATING ACTIVITIES*

	2012/13 £000s	2011/12 £000s
Surplus before tax	10,541	10,854
Interest payable	6,265	5,187
Interest receivable	(1,110)	(1,355)
Release of capital grant	(2,923)	(3,824)
Depreciation	10,911	11,067
(Increase)/decrease in stocks	(45)	(2)
(Increase)/decrease in debtors	575	769
(Increase)/decrease in creditors	97	1,713
Pension costs less contributions payable	(267)	(208)
Transfer of research grant to deferred credit	2,348	2,319
Release of revenue grant	(2,319)	(1,942)
	24,073	24,578

21 *RETURNS ON INVESTMENTS AND SERVICING OF FINANCE*

	2012/13 £000s	2011/12 £000s
Interest receivable	1,476	1,101
Interest paid	(2,623)	(2,684)
Finance lease charges paid	(1,147)	(1,120)
	(2,294)	(2,703)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012/13 £000s	2011/12 £000s
Purchase of tangible fixed assets	(8,275)	(14,403)
Deferred capital grant received	761	475
	<u>(7,514)</u>	<u>(13,928)</u>

23 FINANCING

	2012/13 £000s	2011/12 £000s
Medium term loan repayments	(1,673)	(2,628)
Capital element on finance leases	(585)	(660)
	<u>(2,258)</u>	<u>(3,289)</u>

**24 ANALYSIS OF CHANGES IN
NET FUNDS**

	At 1 August 2012 £000s	Cash flows £000s	Other Non Cash Changes £000s	At 31 July 2013 £000s
	Restated			
Cash at bank and in hand	101,761	12,009	-	113,770
Cash in endowment assets	735	57	-	792
Debt due within one year	(1,673)	1,673	(1,794)	(1,794)
Debt due after one year	(39,106)	-	1,794	(37,312)
Finance leases due within one year	(722)	722	(785)	(785)
Finance leases due after one year	(9,009)	(137)	785	(8,361)
	<u>51,985</u>	<u>14,324</u>	<u>0</u>	<u>66,310</u>

**25 ANALYSIS OF CHANGES IN FINANCING
DURING THE YEAR**

	Leases £000s	Loans £000s	Total £000s
Balance at 1 August 2012	9,731	40,779	50,510
Capital Repayments	(585)	(1,673)	(2,258)
New loans	-	-	-
Balance at 31 July 2013	<u>9,146</u>	<u>39,106</u>	<u>48,252</u>

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

26 OPERATING LEASE COMMITMENTS

At 31 July 2013 the Group was committed to making the following payments during the next year in respect of operating leases:

Leases which expire:

Within one year

In the second to fifth years inclusive

In more than five years

2012/13 Land and Buildings £000s	2011/12 Land and Buildings £000s
361	577
403	-
72	432
836	1,009

27 PRIVATE FINANCE TRANSACTIONS

The University has only one PFI scheme which is for the Clayhill Halls of Residence.

£000s

Estimated capital value of scheme

21,861

Project agreement date:

23/5/02

Completion of building project and commencement of unitary charge:

1/12/03

Contract end date:

30/11/38

A unitary charge is payable for a period of 35 years from the completion of the building project on 1st December 2003. The annual charge for 2011/12 was £2,870,776. Estimated annual payments in the future are not expected to be materially different.

28 PENSIONS

The two principal pension schemes for University staff are the Teachers Pension Scheme (TPS) and the Local Government Superannuation Scheme (LGSS). Whilst both are defined benefit schemes, the TPS is a national scheme and it is not possible to identify the University's share of underlying assets and liabilities.

Pension charges for the year (covering all schemes):

TPS: contributions paid

USS: contributions paid

LGPS: FRS 17 charge

Total pension cost

2013 £000s	2012 £000s
5,231	5,240
478	391
7,694	7,584
13,403	13,215

Local Government Pension Scheme (LGPS)

A defined benefit pension scheme (LGPS) is operated on behalf of the employees of Kingston University, the figures disclosed below have been derived from the actuarial valuations carried out by Hymans Robertson LLP Limited as at 31 July 2013.

Reconciliation of present value of plan liabilities

At the beginning of the year

Current service cost

Interest cost

Actuarial losses

Benefits paid

Past service costs

Contributions by members

Gains on curtailments and settlements

At the end of the year

2012/13 £000s	2011/12 £000s
	Restated
187,691	161,460
6,325	6,145
7,746	8,656
2,003	13,805
(5,079)	(4,805)
280	450
1,943	1,980
(1,683)	-
199,226	187,691

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 PENSIONS (continued)

	2012/13 £000s	2011/12 £000s
Restated		
	199,226	187,691
Schemes wholly or partly funded	199,226	187,691

	2012/13 £000s	2011/12 £000s
Restated		
At the beginning of the year	106,093	100,070
Expected rate of return on plan assets	23,609	2,242
Actuarial gains/(losses)		
Contribution by group	8,605	8,586
Benefits paid	(5,079)	(4,805)
At the end of the year	133,228	106,093

The opening and closing balance of both the present value of plan liabilities and assets has been restated to reflect the correct level as per the actuarial report. The net impact of the assets and liabilities remains unchanged.

	2012/13 £000s	2011/12 £000s
Restated		
Present value of funded obligations	(199,226)	(187,691)
Fair value of plan assets	133,228	106,093
Plan deficit	(65,998)	(81,598)
Related deferred tax asset	-	-
Net liability	(65,998)	(81,598)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 PENSIONS (continued)

The amounts recognised in profit and loss are as follows:

Included in Other Operating expenses:

	2012/13 £000s	2011/12 £000s
Current service cost	6,325	6,145
Past service cost	280	450
Gains on curtailments and settlements	(1,903)	-

Included in Interest payable:

Interest cost	7,746	8,656
Expected return on plan assets	(5,370)	(7,339)

7,078	7,912
--------------	--------------

Analysis of amount recognised in statement of total recognised gains and losses

	2012/13 £000s	2011/12 £000s
Actual return less expected return on pension plan assets	19,513	(5,097)
Experience gains and losses arising on the scheme liabilities	(3,497)	(13,805)
Changes in assumptions underlying the present value of the scheme liabilities		

Actuarial (losses)/gains recognised in the statement of total recognised gains and losses

16,016	(18,902)
---------------	-----------------

Narrative description of the basis used to determine the overall expected rate of return of assets:

Overall expected rate of return on plan assets is based upon historical returns of investment performance adjusted to reflect expectations of future long-term returns by asset class.

Actual return on plan assets

23,609	2,242
---------------	--------------

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 *PENSIONS (continued)*

	2012/13	2011/12
	%	%
<i>Principal actuarial assumption used at the balance sheet date</i>		
Discount rates	4.6	4.1
Expected rate of return on plan assets	5.8	5.0
Future salary increases	5.1	4.5
Future pension increases	2.8	2.2
RPI inflation	2.8*	3.0

* current inflation rate as average Bank of England inflation rate now used

<i>Five year history</i>	2013 £000s	2012 £000s	2011 £000s	2010 £000s	2009 £000s
		Restated	Restated	Restated	Restated
Present value of the plan liabilities	(199,226)	(187,691)	(161,460)	(144,210)	(137,310)
Fair value of the plan assets	133,228	106,093	100,700	85,500	67,680
Deficit on the pension plans	(65,998)	(81,598)	(60,760)	(58,710)	(69,630)
<i>Experience adjustments arising on:</i>					
Plan liabilities	15	(1,558)	290	1,240	(340)
Plan assets	19,513	(4,930)	4,360	7,510	(8,090)

The group's best estimate of the contributions expected to be paid in the year beginning 1 August 2013 is £6.19m.

The approximate split of the scheme assets and assumed rates of return adopted by the Employer for the purpose of FRS17 is shown below:

	Long-term expected rate of return at 31 July 2012 (% pa)	Asset split at 31 July 2013(%)	Long-term expected rate of return at 31 July 2012 (% pa)	Asset split at 31 July 2013(%)
Equities	6.3	78.0%	5.4	77.0%
Property	4.6	4.0%	3.7	4.0%
Bonds	4.3	13.0%	3.8	15.0%
Cash/other	3.4	5.0%	2.8	4.0%
Total		100%		100%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 *PENSIONS (continued)*

London Pension Fund Authority (LPFA) Pension Scheme

A defined benefit pension scheme (LPFA) is operated on behalf of the employees of KUSCO Limited, the figures disclosed below have been derived from the actuarial valuations carried out by Barnett Waddington as at 31 July 2013.

<i>Reconciliation of present value of plan liabilities</i>	2012/13 £000s	2011/12 £000s
At the beginning of the year	8,107	6,316
Current service cost	173	196
Interest cost	369	338
Actuarial losses	1,293	1,332
Benefits paid	(322)	(75)
Loss on curtailments and settlements	1,903	-
	<hr/>	<hr/>
At the end of the year	11,523	8,107

<i>Reconciliation of present value of plan liabilities</i>	2012/13 £000s	2011/12 £000s
Schemes wholly or partly funded	<hr/> 11,523	<hr/> 8,107
	<hr/> 11,523	<hr/> 8,107

<i>Reconciliation of fair value of plan assets</i>	2012/13 £000s	2011/12 £000s
At the beginning of the year	4,231	3,566
Expected rate of return on plan assets	250	232
Actuarial gains/(losses)	1,931	115
Contribution by group	433	446
Benefits paid	(372)	(128)
	<hr/>	<hr/>
At the end of the year	6,473	4,231

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 *PENSIONS (continued)*

Reconciliation to balance sheet

	2012/13 £000s	2011/12 £000s
Present value of funded obligations	(11,523)	(8,107)
Fair value of plan assets	6,473	4,231
<hr/>		
Plan deficit	(5,050)	(3,876)
Related deferred tax asset	-	-
<hr/>		
Net liability	(5,050)	(3,876)

The amounts recognised in profit and loss are as follows:

	2012/13 £000s	2011/12 £000s
<i>Included in other operating expenses:</i>		
Current service cost	173	196
Loss on curtailments and settlements	1,903	-
<i>Included in interest payable:</i>		
Interest cost	369	338
Expected return on plan assets	(250)	(232)
<hr/>		
	2,195	302

Analysis of amount recognised in statement of total recognised gains and losses

	2012/13 £000s	2011/12 £000s
Actual return less expected return on pension plan assets	657	(188)
Experience gains and losses arising on the scheme liabilities	-	(284)
Changes in assumptions underlying the present value of the scheme liabilities	(19)	(745)
<hr/>		
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	638	(1,217)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28 PENSIONS (continued)

	2012/13 £000s	2011/12 £000s
Cumulative amount of losses recognised in the statement of total recognised gains and losses	(2,336)	(2,734)
	<u>(2,336)</u>	<u>(2,734)</u>

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of investment performance adjusted to reflect expectations of future long-term returns by asset class.

	2012/13 £000s	2011/12 £000s
Actual return on plan assets	907	43

Principal actuarial assumption used at the balance sheet date

	2012/13 %	2011/12 %
Discount rates	4.5	3.9
Expected rate of return on plan assets	5.4	5.2
Future salary increases	4.1	3.5
Future pension increases	2.4	1.8

	2013 £000s	2012 £000s	2011 £000s	2010 £000s	2009 £000s
<i>Five year history</i>					
Present value of the plan liabilities	(11,523)	(8,107)	(6,316)	(5,733)	(5,419)
Fair value of the plan assets	6,473	4,231	3,566	2,905	2,485
Deficit on the pension plans	<u>(5,050)</u>	<u>(3,876)</u>	<u>(2,750)</u>	<u>(2,828)</u>	<u>(2,934)</u>
<i>Experience adjustments arising on:</i>					
Plan assets	657	115	116	79	(350)
Plan liabilities	-	(587)	-	-	-

The group's best estimate of the contributions expected to be paid in the year beginning on 1 August 2013 is £385,000.

Estimated asset allocation as at 31 July

	2013		2012	
	£000s	%	£000s	%
Equities	3,042	47	3,004	71
Target Return Portfolio	1,877	29	423	10
Alternative Assets	518	8	677	16
Cash	1,036	16	127	3
Other Bonds	-	-	-	-
	<u>6,473</u>	<u>100</u>	<u>4,231</u>	<u>100</u>

The pension liability as at 31 July 2013 and 31 July 2012 excluded the impact of bulk transfer of staff from the London Borough of Kingston, which is yet to be completed. We are unable to obtain an estimate of the impact of the transfer.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28. PENSIONS (continued)

Pension costs

The University's employees belong to three principal pension schemes, the Teachers' Pensions Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). All are defined benefit schemes. The total pension cost for the year ended 31 July 2013 was £2,042,823 (2012: £1,749,325), this included an amount of £42,888 (2012: £41,851) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement. The calculation of the cost of early retirement provisions charged to the Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation.

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2012 to 31 July 2013.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The 2006 interim actuarial review, published in June 2007, concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

The government has announced the 2008 valuation of this scheme has been suspended, pending the introduction of a reformed scheme in 2015.

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28. *PENSIONS (continued)*

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 23.7 (25.6) years

Males (females) currently aged 45 25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28. *PENSIONS (continued)*

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

28. PENSIONS (continued)

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the institution had 60 active members participating in the scheme.

The total pension cost for the institution was £573k (2012: £463k). This is *net of/includes £69k (2012: £59k) *prepaid/outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2013

29 OTHER FUNDING

The University received additional funds from the funding councils (HEFCE and TDA) which it holds and distributes to either students or other educational partners.

	Access Funds (HEFCE) £	Life Long Learning (HEFCE) £	Graduate Teachers & Student Bursaries (NCTL) £	NSP Funds £
Balance as at 1 August 2012	25,384	12,967	1,478,581	-
Funds received	429,850	-	4,251,676	798,000
Disbursement of funds	(507,803)	-	(4,287,536)	(798,000)
Balance as at 31st July 2013	<u>(52,569)</u>	<u>12,967</u>	<u>1,442,721</u>	<u>-</u>

The unspent balance is held with creditors within deferred income and other creditors.

30 RELATED PARTY TRANSACTIONS

In the course of normal operations, related party transactions entered into by the University have been contracted on an arm's length basis during the year, in accordance with the University's financial regulations and procurement policy.

The University has taken advantage of the exemption which is conferred by the Financial Reporting Standard (FRS) 8 - related Party disclosures that allows it not to disclose transactions with wholly owned group undertakings.

Transactions relating to franchised arrangements with South Thames College amounted to payments of £271k (2011/12: £480k), an organisation in which the principal Ms Sue Rimmer was a member of the Kingston University Governing Body from November 2009 to 10 July 2013.

Grants were paid to Kingston University Students Union amounting to £706k (2011/12: £693k), an organisation in which the president, Ms Denza Gonsalves, is a member of Kingston University Governing Body.

Transactions relating to franchised arrangements with St. Georges Hospital Medical School, an organisation in which the Principal, Professor Peter Kopelman is a member of the Kingston University Governing Body were as follows:

	2012/13 £000s	2011/12 £000s
Franchising income	-	74
Franchising costs	(440)	(353)
	<u>(440)</u>	<u>(279)</u>

31 CAPITAL COMMITMENTS - CONSOLIDATED & UNIVERSITY

Capital expenditure contracted that has not been provided for in the financial statements

	2012/13 £000s	2011/12 £000s
	8,315	5,028
	<u>8,315</u>	<u>5,028</u>