



Annual accounts 2007–08

Kingston University London

BOARD OF GOVERNORS' REPORT

ON THE 2007/08 FINANCIAL STATEMENTS

1. SCOPE OF THE FINANCIAL STATEMENTS

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 (KUCEL), Kingston University Innovations Limited (KUIL) and Hadleigh Products Limited (HPL). KUSCO was established to provide certain support services to the University and its subsidiaries. KUEL exists to undertake activities which, for legal or commercial reasons are more appropriately channelled through a limited company. KUCEL was established to further develop conference and vacation letting activity. KUIL was established to hold investments in spin out and spin in activities. HPL exists to handle a range of property transactions. The statements also include an apportionment of the activities of a joint arrangement with St. George's University of London engaged in health and social care.

2. OVERVIEW OF THE FINANCIAL RESULT FOR THE YEAR

The University's financial performance of the year to 31 July 2008 is summarised as follows:

	2007/08 £000's	2006/07 £000's
Total income	167,703	150,366
Total expenditure	156,689	142,235
Surplus for the year	11,014	8,131
Taxation	162	-
	-----	-----
Surplus for the year after tax	10,852	8,131
	-----	-----
Cash flow from operating activities	21,757	19,003
Cash at bank and in hand	68,269	25,111
Increase in net assets excluding pension liability	13,126	10,956
Increase in total reserves excluding pension liability	12,236	9,338

Of the £17M increase in income £15.8M came from funding and fee income. The financial year 2007/08 was the second year of variable fees and accounted for £6.4M increase in 2007/08 (£14M variable fees in total). This increase in income enabled payments through the University bursary scheme of £2.4 M. Recurrent grant increased by £4.2M reflecting the continuing growth in home EU student numbers. Income from overseas students increased by £1.4M confirming the University's ability to continue to grow in this area.

BOARD OF GOVERNORS' REPORT

ON THE

2007/08 FINANCIAL STATEMENTS

Total expenditure increased by £14.5M with staff costs representing £7.6M of the increase. Staff costs increased by 9% over the previous year of which 4% represented increased staff numbers to support growth in student number and other activities. The increase in other operating costs was largely due to increased franchising costs, £0.9M for activities in associate colleges, increased bursary costs £1.3M, an increase in employee related costs and other academic expenses of £1.8M and £2.2M relating to administrative and premises expenses.

The following statistics show the changes in liquidity, borrowing and reserves:

	2007/08	2006/07
Cash flow as a percentage of income	13.0%	12.6%
Net liquidity (days)	171	70
Current ratio	2.70	1.35
External borrowing as a percentage of Income	37.0%	22.1%
Discretionary reserves (excluding pension assets liability) as a percentage of total income	44.8%	41.3%

3. INVESTMENT

The investment in infrastructure is summarised as follows:

	2007/08 £000's	2006/07 £000's
Freehold buildings	7,684	23,022
Plant machinery and equipment	7,667	5,733

The freehold buildings development over the two years consisted of new teaching buildings on the Penrhyn Road campus and Roehampton Vale and a major extension to the Learning Resource Centre at Kingston Hill adding 12,000 square metres of space. The University has reviewed its Campus Development Plan and appointed a Project Management and Design Team to prepare more detailed proposals for additional space at Kingston Hill and space reconfiguration at both Penrhyn Road and Roehampton Vale. These projects will add approximately 7,000 square metres of additional space. During 2007/08 and continuing into 2008/09 the University has commissioned condition surveys which will ultimately cover all operational sites. This in conjunction with a buildability survey will inform future campus development and provide a more integrated capital/maintenance plan. Although sustainability is a key feature of all future developments the University has also committed funds for investing in specific projects with target outcomes through its membership of the Carbon Management Trust. The annual planning process is the formal vehicle for reviewing other areas of investment in new academic developments and portfolio review.

**ON THE
2007/08 FINANCIAL STATEMENTS**

4. CASH MANAGEMENT

The University continues to generate substantial cash from operating activities to support its investment in infrastructure and academic developments. In addition the University has secured finance leases, to specifically fund student accommodation, and term loan facilities for major capital works. Details of all obligations are stated at notes 14 and 15 of the financial statements. During 2007/08 use was made of an existing £35M medium term loan facility with a draw-down of £30M. The facility was for 25 years with a fixed interest rate for 23 years from 1st August 2008 for £30M and from 1st August 2009 for 22 years on the remaining £5M. Notice was also given early in 2008/09 on the lease/nominations agreement for an existing hall of residence to redeem the £4M arrangement. The total borrowing results in an annual servicing cost below the HEFCE 4% threshold. Future projections indicate that this will remain so. The University revised its treasury management policy and procedures during 2007/08 primarily to improve its return on surplus funds. The policy defines clear investment criteria and allows for the use of cash management services in addition to direct investments.

5. STUDENT NUMBERS AND FUNDING

The University has for the last decade pursued a growth strategy for both home EU and overseas students. The financial year 2007/08 saw a level of increase consistent with this and in line with plan. The University has however suffered claw back of HEFCE funding of £587K in 2007/08 as a result of a review of fundable student numbers. The year 2007/08 also saw the announcement of the phased withdrawal of the HEFCE funding for students taking an equal or lower qualification. Whilst there was no impact of this in 2007/08 there will be in future years rising to £1.4M in 2012/13. The growth in overseas students was consistent with both previous year and plan, although the undergraduate number reduction was compensated for by additional growth in postgraduate taught students. Early indications for 2008/09 would suggest that the reduction in undergraduate numbers has halted with a significant further increase in postgraduate taught students.

6. SUSTAINABILITY

The University adopted, during the year, a comprehensive Sustainability Strategy ranging from issues of energy management to the place of sustainability in the undergraduate curriculum. Within the strategy specific action plans are being developed. Specifically an energy management programme has been agreed and will be implemented over the next two years. This work is supported by a dedicated Sustainability Team.

7. COLLABORATIVE ARRANGEMENTS

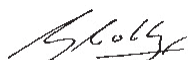
The largest element of collaborative activity is with St George's, University of London through the Joint Faculty of Health and Social Care Sciences. This incorporates both NHS contract income, the largest of which is for Nursing and Midwifery, and HEFCE funded activity. The total income for this joint arrangement in the University's financial statements is £10.1M for 2007/08.

In 2006, the South West Academic Network (SWAN) was established. SWAN is a tripartite arrangement between Kingston University, St George's, University of London and the Royal Holloway, University of London. The purpose of this arrangement is to bring together diverse and high quality institutions to offer a significantly enhanced student experience and provide a wider range and reach of research and consultancy.

The University also has a significant amount of its activity delivered through associated colleges and other providers. The arrangements vary but are designed to reflect the respective responsibilities and input. The cost of these franchising arrangements in 2007/08 was £8.7M, and for 2006/07 £7.8M.

8. STRATEGIC PLAN

The University's strategic plan is in the process of being revised and will be discussed with the Board of Governors in December 2008. Clearly the levels of home EU student growth experienced in the last decade will not be available in the short term to cushion inflationary pressures. The final increase in the pay award was in October 2008 at the rate of 5%. This will substantially increase the base staff costs to be reflected in the plan. The University continues to be able to grow overseas student numbers which could, to some extent, mitigate the lower income from home EU students. There are also opportunities to seek operational efficiencies which will be necessary to continue the investment in academic developments. The revised strategic plan will reflect this new emphasis.



Grenville Collings
Chairman of the Board of Governors



Peter Scott
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. 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 2007-2008 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;

- Kingston University have 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 December 2003 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.

CORPORATE GOVERNANCE

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 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 2008 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 six times a year to consider the plans and strategic direction of the institution.
- b. We receive periodic reports from the chairman of the Audit Committee concerning internal control and risk management.
- c. University have established a Risk Management Committee to oversee risk management, which met twice during the year, reporting to the Audit Committee as well as the University Executive.
- d. The Audit Committee meets four times a year and receives regular reports from the Managing Director of Kingston City Group - KCG (formerly Internal Audit Services), 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 facilitated risk workshops is held to identify and 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 now 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 Managing Director of Kingston City Group'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.

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 2008 which comprise the Income and Expenditure Account, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Note of Historical Costs Surpluses and Deficits and the related notes. These financial statements have been prepared under the accounting policies set out on therein.

Respective responsibilities of The Board of Governors and auditors

As described in the Statement of Board of Governors responsibilities the University's Board is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.

Our responsibility is to audit the financial statements in accordance with relevant legal and 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. We also report to you if, in our opinion, the information given in the Report of the Board of Governors is not consistent with the financial statements, the Board has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the Board of Governors or other transactions is not disclosed.

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.

We read the other information contained in the Report of the Board and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Governance Statement, the Statement of the Responsibilities of the Board of Governors and the Annual Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the University's statutes and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the University's statutes or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the University and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE

BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group as at 31 July 2008 and of its surplus of income over expenditure for the year then ended;
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University as at 31 July 2008 and of its surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied 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 Memorandums with the Higher Education Funding Council for England.


BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey

Date: 26 November 2008

CONSOLIDATED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAD ENDED 31 JULY 2008

	Notes	2007/08 £000s	2006/07 £000s
INCOME			
Funding Council grants	2	75,291	68,599
Tuition fees and education contracts	3	63,933	54,789
Research grants and contracts	4	2,720	2,923
Other income	5	23,804	22,388
Endowment and investment income	6	1,955	1,667
Total income		167,703	150,366
EXPENDITURE			
Staff costs	7	90,695	83,093
Other operating expenses	8	52,202	45,644
Depreciation	9&10	10,413	9,992
Interest payable		3,379	3,506
Total expenditure		156,689	142,235
Surplus on continuing operations after depreciation of assets		11,014	8,131
Taxation		(162)	-
Surplus on continuing operations after depreciation of assets and tax	21	10,852	8,131

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

**CONSOLIDATED STATEMENT OF
HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAD ENDED 31 JULY 2008**

	2007/08 £000s	2006/07 £000s
Surplus on continuing operations before taxation	11,014	8,131
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	713	713
Historical cost surplus for the period before taxation	<u>11,727</u>	<u>8,844</u>
Historical cost surplus for the period after taxation	<u>11,565</u>	<u>8,844</u>

**STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAD ENDED 31 JULY 2008**

	2007/08 £000s	2006/07 £000s
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	10,852	8,131
Movement in restricted and endowment reserves	(104)	14
Adjustments associated with local government pension scheme:		
Actual return less expected return on pension scheme assets	(11,502)	2,102
Experience gains and losses arising on the scheme liabilities	2,447	(150)
Changes in the assumptions underlying the present value of the scheme liabilities	(107)	5,153
Total recognised gains and losses for the year	1,586	15,250
Total recognised gains and losses since last annual report	1,586	15,250
Reconciliation		
Opening reserves and endowments as previously stated	83,998	68,748
Opening reserves and endowments as restated	83,998	68,748
Total recognised gains and losses for the year	1,586	15,250
Closing reserves and endowments	85,584	83,998

BALANCE SHEET

AS AT 31 JULY 2008

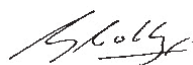
	Notes	Consolidated	University	Consolidated	University
		2007/08	2007/08	2006/07	2006/07
		£000s	£000s	£000s	£000s
					<i>(Restated)</i>
Fixed Assets					
Tangible assets	9	170,392	160,353	165,455	155,301
Investments	9	85	9,186	285	9,386
Total fixed assets		170,477	169,539	165,740	164,687
Endowment Assets	10	1,450	1,450	1,557	1,557
Current Assets					
Stock	12	157	157	144	144
Debtors	13	5,897	8,558	8,758	12,154
Cash at bank and in hand		68,269	66,061	25,111	23,493
		74,323	74,776	34,013	35,791
Creditors: amounts falling due within one year	14	(27,503)	(26,700)	(25,237)	(24,596)
Net current assets		46,820	48,076	8,776	11,195
Total assets less current liabilities		218,747	219,065	176,073	177,439
Creditors: amounts falling due after more than one year	15	(61,963)	(61,963)	(32,415)	(32,415)
Net Assets excluding pension liability		156,784	157,102	143,658	145,024
Pension Liability	16	(47,629)	(45,527)	(37,086)	(36,585)
Net Assets including pension liability		109,155	111,575	106,572	108,439

BALANCE SHEET (continued)

AS AT 31 JULY 2008

		Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Deferred capital grants	17	23,571	23,571	22,574	22,574
Endowment					
Specific	18	1,450	1,450	1,557	1,557
Reserves					
Revaluation reserve	19	56,635	56,635	57,348	57,348
Restricted reserve	20	116	116	113	113
General reserve	21	75,012	75,330	62,066	63,432
Total reserves excluding pension liability reserve		131,763	132,081	119,527	120,893
Pension liability reserve		(47,629)	(45,527)	(37,086)	(36,585)
Total reserves including pension liability reserve		84,134	86,554	82,441	84,308
TOTAL		109,155	111,575	106,572	108,439

The financial statements on pages 8 to 39 were approved and authorised for release by the governing body on 26 November 2008 and were signed on its behalf by:



Grenville Collings
Chairman of the Board of Governors



Peter Scott
Vice-Chancellor and Chief Executive

CONSOLIDATED
CASH FLOW STATEMENT
FOR THE YEAD ENDED 31 JULY 2008

		2007/08 £000s	2006/07 £000s
	Notes		
Cash flow from operating activities	22	21,757	19,003
Returns on investments and servicing of finance	23	(263)	(487)
Capital expenditure and financial investment	24	(8,038)	(25,086)
Financing	25	29,702	1,141
Increase /(Decrease) in cash in the period		<u>43,158</u>	<u>(5,429)</u>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase /(Decrease) in cash in the period		43,158	(5,429)
Movement in endowment asset		(91)	27
Change in net debt resulting from cash flows		(29,702)	(1,601)
Movement in net funds/(debt) in period		<u>13,365</u>	<u>(7,003)</u>
Net (debt)/funds at 1 August		(341)	6,662
Net funds/(debt) at 31 July	26	<u>13,024</u>	<u>(341)</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2008

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.

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 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.

This is an amendment to the 2006/07 financial statements where the assets and liabilities of the joint arrangement were included only in the consolidated accounts. The accounts for 2006/07 have been restated and this has resulted in a decrease in net assets of £101K.

The consolidated financial statements include the financial statements of the University and all its subsidiary undertakings for the financial years 31 July 2008 and 2007. The consolidated financial statements exclude the financial statements of the Kingston University Students' Union as the Union does not constitute a subsidiary of quasi-subsiary undertaking under the definitions of Financial Reporting Standards 2 and 5.

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 tangible fixed assets included in the balance sheet at valuation is not available and therefore cannot be disclosed.

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 range between fifty and one hundred years. Minor works projects are deemed to have a useful economic life between five and fifteen years.

Plant, machinery and other equipment has a capitalisation threshold of £1,000 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 - Mainframe	-	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 Grants

Funding Councils' recurrent grant represents income in support of general or specific revenue activities of the University during the year and is credited directly to the Income and Expenditure Account.

Grants which are applied to acquire tangible fixed assets are shown as a deferred credit and are credited to the Income and Expenditure Account over the estimated useful lives of the related assets.

Revenue grants are credited to the Income and Expenditure Account in the year of receipt. Grant income which has been given for specific purposes and is unused at the end of the financial year is shown as a deferred credit.

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 Section 506 (1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 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.

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), which has been adopted from 2005/06.

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 outturn are reported in the statement of total recognised gains and losses.

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.

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. The capital element of reimbursable inherited debt payments is credited direct to the revaluation reserve. 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.

Restricted Reserves: This reserve is used for prize funds where donations have been given for a specific use.

2 FUNDING COUNCIL GRANTS

	2007/08	2006/07
	£000s	£000s
Recurrent grant (including research element)	63,231	59,009
HEFCE specific grants	3,428	3,008
TDA	4,587	2,755
LSC (formerly FEFC) grant	381	669
Deferred capital grants released in year	3,664	3,158
	75,291	68,599

3 TUITION FEES AND EDUCATION CONTRACTS

	2007/08	2006/07
	£000s	£000s
Full-time UK and EU students	32,982	25,551
Part-time UK and EU students	4,070	3,729
Channel Island students	402	309
Overseas full-time students	15,248	13,838
Overseas part-time students	1,079	1,030
NHS teaching contracts	7,995	8,629
Short course fees	2,157	1,703
	63,933	54,789

4 RESEARCH GRANTS AND CONTRACTS

	2007/08	2006/07
	£000s	£000s
Research Councils	924	924
UK based charities	186	366
Other research grants and contracts	1,610	1,633
	2,720	2,923

5 **OTHER INCOME**

	2007/08 £000s	2006/07 £000s
Residencies and catering	12,838	12,370
Income from UK public bodies	3,473	3,495
Income from EU based organisations	309	331
Income from University shops	145	159
Income from sports facilities	252	168
Course validation fees	728	756
Knowledge transfer partnerships	790	752
Nursery fees	143	103
Field trips	273	297
Graduation ceremonies	376	350
Sale of teaching materials	342	482
Release from deferred capital grant	194	196
Release from endowment reserve	20	20
Other income	3,921	2,909
	23,804	22,388

6 **ENDOWMENT AND INVESTMENT INCOME**

	2007/08 £000s	2006/07 £000s
Interest receivable	1,955	1,667
	1,955	1,667

7 **STAFF**

	2007/08 £000s	2006/07 £000s
		<i>(Restated)</i>
Staff Costs		
Wages and salaries	74,413	68,520
Social security costs	5,832	5,240
Other pension costs	10,450	9,333
	90,695	83,093

Staff costs for the year include exceptional payments in respect of compensation for loss of office totalling £663,000 (2007: £547,000). Staff costs for 2006/07 have been restated to exclude cost relating to casual & agency staff.

7 STAFF (continued)

Vice-Chancellor and Chief Executive

	2007/08 £000s	2006/07 £000s
Emoluments	193	178
Employer's contribution to pension fund	16	23
	209	201

Executive Managers

	2007/08 No.	2006/07 No.
£130,001 - £140,000	1	-
£120,001 - £130,000	-	1
£110,001 - £120,000	2	1
£100,001 - £110,000	1	1

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

	2007/08 No.	2006/07 No.
Executive, senior and academic staff	831	798
Research, language and teaching assistants	54	54
General and professional staff	1,082	1,038
	1,967	1,890

8 **OTHER OPERATING EXPENSES**

	2007/08	2006/07
	£000s	£000s
		<i>(Restated)</i>
Residencies, catering and conferences	6,828	6,606
Staff development	1,266	990
Recruitment costs	767	648
Other employee costs	1,656	1,502
Teaching materials	2,800	2,725
Academic equipment	1,368	1,338
Franchising costs	8,723	7,865
Other academic expenses	9,622	7,120
Overseas recruitment costs	494	404
Agency costs	1,477	1,384
Utilities	1,552	1,332
Repairs and general maintenance	2,465	2,039
Other premises expenses	1,158	1,001
Grant to Kingston University Students' Union	582	554
Rent	1,162	1,270
Rates	270	256
Auditors remuneration: audit services	81	61
Equipment hire	478	444
Other expenses	9,453	8,105
	52,202	45,644

9 **FIXED ASSETS**

**Tangible Assets
CONSOLIDATED**

Cost or Valuation

Balance as at 1 August 2007 - *restated*

Valuation

Cost

Additions

Disposals

Balance as at 31 July 2008

Depreciation

Balance as at 1 August 2007 - restated

Charge in year

Disposals

Balance as at 31 July 2008

Net Book Value

As at 31 July 2008

As at 31 July 2007

	Freehold Land	Freehold Buildings	Plant, Machinery, Equipment	Total
	£000s	£000s	£000s	£000s
Valuation	32,874	37,875	-	70,749
Cost	-	119,951	56,178	176,129
Additions	-	7,684	7,667	15,351
Disposals	-	-	(384)	(384)
Balance as at 31 July 2008	32,874	165,510	63,461	261,845

	-	35,325	46,098	81,423
Charge in year	-	5,338	5,059	10,397
Disposals	-	-	(367)	(367)
Balance as at 31 July 2008	-	40,663	50,790	91,453

	32,874	124,847	12,671	170,392
--	---------------	----------------	---------------	----------------

	32,874	122,501	10,080	165,455
--	---------------	----------------	---------------	----------------

9 **FIXED ASSETS (continued)**

Tangible Assets

UNIVERSITY

Freehold Land	Freehold Buildings	Plant, Machinery, Equipment	Total
£000s	£000s	£000s	£000s

Cost or Valuation

Balance as at 1 August 2007 - restated

Valuation	32,874	37,875	-	70,749
Cost	-	108,723	55,189	163,912
Additions	-	7,684	7,667	15,351
Disposals	-	-	(384)	(384)
Balance as at 31 July 2008	32,874	154,282	62,472	249,628

Depreciation

Balance as at 1 August 2007 - restated

Charge in year	-	5,225	5,057	10,282
Disposals	-	-	(367)	(367)
Balance as at 31 July 2008	-	39,427	49,848	89,275

Net Book Value

As at 31 July 2008

32,874	114,855	12,624	160,353
---------------	----------------	---------------	----------------

As at 31 July 2007

32,874	112,396	10,031	155,301
---------------	----------------	---------------	----------------

As at 31 July 2008 the University had accrued approximately £1,526,000 (2007:£459,000) in respect of capital expenditure. The net book value of freehold buildings includes £9,050,000 (2007:£9,241,000) in respect of assets acquired under finance leases. The depreciation charge on these assets is £191,000 (2007:£191,000). Included in the net book value of freehold land and buildings are Exchequer Assets of £9,291,808 (2007:£10,800,831). 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.

9 **FIXED ASSETS (continued)**

Shares in Subsidiary Undertakings £000s	Other Investments £000s	Total £000s
--------------------------------------------------	-------------------------------	----------------

(Restated)

INVESTMENTS

CONSOLIDATED

As at 31 July 2008

85 85

As at 31 July 2007

285 285

UNIVERSITY

At 1 August 2007 - *restated*

9,101 285 9,386

Additions

- - -

Revaluation

- (200) (200)

As at 31 July 2008

9,101 85 9,186

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

An investment in Kingston theatre of £250k was made in 2006/7 and is re-valued at £50k in 2007/08. Loans to subsidiaries have been re-categorised and are now included within debtors.

Subsidiary

Kingston University Enterprises Limited
 Hadleigh Products Limited
 Kingston University Campus Enterprises Limited
 Kingston University Service Company Limited
 Kingston University Innovations Limited

Percentage

Owned

100%
 100%
 100%
 100%
 100%

Main Business

Trading and consultancy
 Property development
 Vacation letting
 Management of residencies and property services
 Enterprise activity

10 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 2007 1,129 382 1,511

Balance as at 31 July 2008 1,129 382 1,511

Depreciation

Balance as at 1 August 2007 192 - 192

Charge in year 16 - 16

Balance as at 31 July 2008 208 - 208

Net Book Value

Balance as at 31 July 2008 921 382 1,303

Balance as at 31 July 2007 937 382 1,319

Endowment Cash

Balance as at 31 July 2008 147

Balance as at 31 July 2007 238

Total Endowment Asset

Balance as at 31 July 2008 1,450

Balance as at 31 July 2007 1,557

11 IMPAIRMENT REVIEW

In accordance with FRS11 the University has conducted a review which concluded that there was no material impairment of fixed assets during 2007/08.

12 **STOCK**

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Refectory	28	28	29	29
Bars	43	43	32	32
Materials	42	42	45	45
Building materials	34	34	22	22
Branded merchandise	10	10	16	16
	157	157	144	144

13 **DEBTORS**

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
				<i>(Restated)</i>
Trade debtors	5,491	5,255	6,237	6,150
Provision for doubtful debts	(2,751)	(2,751)	(2,409)	(2,409)
	2,740	2,504	3,828	3,741
Amounts owed by subsidiary undertakings	-	2,972	-	3,534
Accrued income	1,089	1,079	3,172	3,168
Other debtors	408	369	532	496
Prepayments	1,660	1,634	1,226	1,215
	5,897	8,558	8,758	12,154

Loans to subsidiaries have been re-categorised from investments to debtors.

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

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Amounts owed to subsidiary undertakings	-	64	-	78
Obligations under finance leases	484	484	416	416
Term loan facility	430	430	457	457
Trade creditors	3,977	3,862	6,985	6,788
Other creditors including tax and social security	10,270	9,997	8,168	8,116
Student deposits	192	192	221	221
Accruals	6,518	6,395	4,525	4,333
Tuition fees in advance	892	892	793	793
Deferred income	2,887	2,531	2,033	1,755
Deferred credit on revenue grants	1,853	1,853	1,639	1,639
	27,503	26,700	25,237	24,596

**CREDITORS – AMOUNTS FALLING
DUE AFTER MORE THAN
ONE YEAR**

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Obligations under finance leases	11,613	11,613	12,097	12,097
Term loan facility	39,520	39,520	9,870	9,870
Deferred income	3,482	3,482	3,598	3,598
Other loans	7,348	7,348	6,850	6,850
	61,963	61,963	32,415	32,415

Term Loans

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Balance at 1 August	10,327	10,327	10,657	10,657
Capital repayments	(378)	(378)	(330)	(330)
New loans	30,000	30,000	-	-
Total loans outstanding at 31 July	39,949	39,949	10,327	10,327

Obligations Term Loans

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Obligations under loans fall due as follows:				
Within one year	430	430	374	374
In the second to fifth years inclusive	5,289	5,289	2,036	2,036
In over five years	34,231	34,231	7,917	7,917
	39,950	39,950	10,327	10,327

15 **CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN
ONE YEAR (continued)**

Obligations under Finance Leases

Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
-------------------------------------------	-----------------------------------------	-------------------------------------------	-----------------------------------------

Obligations under finance leases fall due as follows:

Within one year	1,581	1,581	1,529	1,529
In the second to fifth years inclusive	7,120	7,120	6,981	6,981
In over five years	16,495	16,495	17,975	17,975
	25,196	25,196	26,485	26,485
Less finance charges allocated to future periods	(13,099)	(13,099)	(13,972)	(13,972)
	12,097	12,097	12,513	12,513

16 **PENSION LIABILITY**

The pension liability has been measured in accordance with the requirement of FRS17 and relates to the Local Government Superannuation Scheme (LGSS) and London Pension Fund Authority (LPFA). Further information is given in note 30.

LGSS 2008	LPFA 2008	Total 2008	Total 2007
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CONSOLIDATED

Opening balance	(36,587)	(499)	(37,086)	(42,987)
<u>Movement in year:</u>				
Current service cost	(5,491)	(245)	(5,736)	5,032
Contributions	5,217	297	5,514	(4,926)
Other finance (cost)	(1,202)	42	(1,160)	(1,310)
Actuarial loss or Actuarial gain recognised in statement of total recognised gains and losses	(7,464)	(1,697)	(9,161)	7,105
Closing balances	(45,527)	(2,102)	(47,629)	(37,086)

16 **PENSION LIABILITY (continued)**

LGSS 2008	LPFA 2008	Total 2008	Total 2007
--------------	--------------	---------------	---------------

UNIVERSITY

Opening balance	(36,585)	(36,585)	(41,930)
Movement in year:			
Current service cost	(5,491)	(5,491)	(4,684)
Contributions	5,216	5,216	4,775
Other finance (cost)/gain	(1,202)	(1,202)	(1,328)
Actuarial loss or Actuarial gain recognised in statement of total recognised gains and losses	(7,465)	(7,465)	6,582
		-	-
Closing balances	<u>(45,527)</u>	<u>(45,527)</u>	<u>(36,585)</u>

17 **DEFERRED CAPITAL GRANTS**

Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
----------------------------------	--------------------------------	----------------------------------	--------------------------------

Balance at 1 August	22,574	22,574	20,967	20,967
Movements:				
Grants received	4,860	4,860	4,969	4,969
Release to income and expenditure account	(3,863)	(3,863)	(3,362)	(3,362)
Balance at 31 July	<u>23,571</u>	<u>23,571</u>	<u>22,574</u>	<u>22,574</u>
Amount to be released within one year	<u>(4,255)</u>	<u>(4,255)</u>	<u>(3,497)</u>	<u>(3,497)</u>
Amounts to be released after more than one year	<u>19,316</u>	<u>19,316</u>	<u>19,077</u>	<u>19,077</u>

18 **ENDOWMENTS**

Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
----------------------------------	--------------------------------	----------------------------------	--------------------------------

Balance at 1 August	1,557	1,557	1,546	1,546
Transfer (to)/from income and expenditure account	(164)	(164)	11	11
Income received	57	57	-	-
Balance at 31 July	<u>1,450</u>	<u>1,450</u>	<u>1,557</u>	<u>1,557</u>

This endowment funds relate to the Dora Hare Estate - £1,372k, Phillip Russell Scholarship - £58k and others £20k.

19 **REVALUATION RESERVE**

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Balance at 1 August	57,348	57,348	58,061	58,061
<u>Transfer to General Reserve:</u>				
Difference between historical cost depreciation and actual charge for the period calculated on re-valued amount	(713)	(713)	(713)	(713)
Balance at 31 July	<u>56,635</u>	<u>56,635</u>	<u>57,348</u>	<u>57,348</u>

20 **RESTRICTED RESERVES**

Consolidated and University

Balance at 1 August

Increase in restricted reserves

Balance at 31 July

Prize Fund £000s	Total £000s
113	113
<u>3</u>	<u>3</u>
<u>116</u>	<u>116</u>

21 **MOVEMENT ON GENERAL RESERVE**

Income and expenditure account reserve at 1 August as restated

Surplus retained for the year

Transfer from pension reserve

Transfer from revaluation reserve

	Consolidated 2007/08 £000s	University 2007/08 £000s	Consolidated 2006/07 £000s	University 2006/07 £000s
Income and expenditure account reserve at 1 August as restated	62,066	63,432	52,018	53,501
Surplus retained for the year	10,852	9,709	8,131	7,982
Transfer from pension reserve	1,381	1,476	1,204	1,236
Transfer from revaluation reserve	713	713	713	713
	<u>75,012</u>	<u>75,330</u>	<u>62,066</u>	<u>63,432</u>

22 **NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2007/08 £000s	2006/07 £000s
Surplus before tax	11,014	8,131
Interest payable	3,379	3,506
Interest receivable	(1,955)	(1,667)
Release of capital grant	(3,863)	(3,362)
Depreciation	10,413	9,992
Loss on sale of assets	17	(6)
Increase in investments	200	0
Increase in stocks	(13)	9
Increase in debtors	590	(2,079)
Increase in creditors	1,535	5,048
Pension costs less contributions payable	224	(181)
Transfer of research grant to deferred credit	1,853	1,637
Release of revenue grant	(1,637)	(2,025)
	<u>21,757</u>	<u>19,003</u>

23

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007/08 £000s	2006/07 £000s
Interest receivable	1,913	1,692
Interest paid	(950)	(949)
Finance lease charges paid	(1,226)	(1,230)
	<u>(263)</u>	<u>(487)</u>

24 **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2007/08 £000s	2006/07 £000s
Purchase of tangible fixed assets	(14,948)	(28,273)
Deferred capital grant received	6,910	3,187
	<u>(8,038)</u>	<u>(25,086)</u>

25 **FINANCING**

	2007/08 £000s	2006/07 £000s
Medium term loan repayments	(417)	(328)
New loans obtained	30,497	1,800
Capital element on finance leases	(378)	(331)

29,702 1,141

26 ANALYSIS OF CHANGES IN NET(DEBT)/FUNDS

	At 1 August 2007	Cash flows	Other Non Cash Changes	At 31 July 2008
	£000s	£000s	£000s	£000s
Cash at bank and in hand	25,111	43,158	-	68,269
Cash in endowment assets	238	(91)	-	147
Debt due within one year	(457)	378	(351)	(430)
Debt due after one year	(12,720)	(30,497)	351	(42,866)
Finance leases due within one year	(416)	416	(484)	(484)
Finance leases due after one year	(12,097)	-	484	(11,613)
	(341)	13,365	-	13,024

27 ANALYSIS OF CHANGES IN FINANCING

DURING THE YEAR

	Leases £000s	Loans £000s	Total £000s
	Restated	Restated	Restated
Balance at 1 August 2007	12,513	13,177	25,690
Capital Repayments	(417)	(378)	(795)
New loans	-	30,497	30,497
Balance at 31 July 2007	12,096	43,296	55,392

28 OPERATING LEASE COMMITMENTS

At 31 July 2008 the Group was committed to making the following payments during the next year in respect of operating leases:

	2007/08 Land and Buildings £000s	2006/07 Land and Buildings £000s
Leases which expire:		
Within one year	89	362
In the second to fifth years inclusive	451	104
In more than five years	222	222
	762	688

29 PRIVATE FINANCE TRANSACTIONS

The University has only one PFI scheme which is for the Clay Hill 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 1 December 2003. The annual charge for 2007/08 was £2,456,000. Estimated annual payments in the future are not expected to be materially different

30 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.

Reconciliation of present value of plan liabilities

	2007/08	2006/07
	£000s	£000s
At the beginning of the year	103,400	99,100
Current service cost	4,225	4,200
Interest cost	6,020	5,000
Actuarial losses/(gains)	(4,613)	(5,200)
Benefits paid	(2,781)	-
Past service costs	1,266	300
	<hr/>	<hr/>
At the end of the year	<u>107,517</u>	<u>103,400</u>

Reconciliation of present value of plan liabilities

	2007/08	2006/07
	£000s	£000s
Schemes wholly or partly funded	<hr/> 107,517	<hr/> 103,400
	<u>107,517</u>	<u>103,400</u>

30 **PENSIONS** (continued)

Reconciliation of fair value of plan assets

	2007/08 £000s	2006/07 £000s
At the beginning of the year	66,900	57,200
Expected rate of return on plan assets	4,818	3,900
Actuarial gains/(losses)	(12,077)	1,200
Contribution by group	5,130	4,600
Benefits paid	(2,781)	-
	<hr/>	<hr/>
At the end of the year	<u>61,990</u>	<u>66,900</u>

Reconciliation to balance sheet

	2007/08 £000s	2006/07 £000s
Present value of funded obligations	(107,517)	(103,400)
Fair value of plan assets	61,990	66,900
	<hr/>	<hr/>
Plan deficit	(45,527)	(36,500)
Related deferred tax asset	-	-
	<hr/>	<hr/>
Net liability	<u>(45,527)</u>	<u>(36,500)</u>

The amounts recognised in profit and loss are as follows:

	2007/08 £000s	2006/07 £000s
<i>Included in administrative expenses:</i>		
Current service cost	4,225	4,190
Past service cost	1,266	350
<i>Included in other finance (income)/expense:</i>		
Interest cost	6,020	5,100
Expected return on plan assets	(4,818)	(3,900)
	<hr/>	<hr/>
	<u>6,693</u>	<u>5,740</u>

30 **PENSIONS** (continued)

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

	2007/08 £000s	2006/07 £000s
Actual return less expected return on pension plan assets	(11,911)	1,850
Experience gains and losses arising on the scheme liabilities	4,553	(90)
Changes in assumptions underlying the present value of the scheme liabilities	(107)	4,740
Actuarial gains/(loses) recognised in the statement of total recognised gains and losses	(7,465)	6,500

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.

	2007/08 £000s	2006/07 £000s
<i>Actual return on plan assets</i>	(7,210)	5,900

Principle actuarial assumption used at the balance sheet date

	2007/08 %	2006/07 %
Discount rates	6.5	5.7
Expected rate of return on plan assets	7.0	7.2
Future salary increases	5.3	4.8
Future pension increases	3.8	3.3
Inflation assumption	3.8	3.3

30 **PENSIONS** (continued)

<i>Five year history</i>	2007	2006	2005	2004	2003
	£000s	£000s	£000s	£000s	£000s
Present value of the plan liabilities	(107,517)	103,400	(99,400)	(88,800)	(73,200)
Fair value of the plan assets	61,990	66,900	57,500	48,500	39,600
(Deficit)/surplus on the pension plans	<u>(45,527)</u>	<u>170,300</u>	<u>(41,900)</u>	<u>(40,300)</u>	<u>(33,600)</u>
<i>Experience adjustments arising on:</i>					
Plan liabilities	1,140	(150)			
Plan assets	<u>(12,190)</u>	<u>1,920</u>			

The group's best estimate of the contributions expected to be paid in the year beginning on the 1 August 2008 is £6.67m

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 Hymans Robertson as at 31 July 2008.

Reconciliation of present value of plan liabilities

	2007/08	2006/07
	£000s	£000s
At the beginning of the year	4,731	4,691
Current service cost	195	241
Interest cost	274	243
Actuarial losses	(409)	(337)
Benefits paid	(244)	(107)
Past service costs	50	-
At the end of the year	<u>4,597</u>	<u>4,731</u>

30 **PENSIONS** (continued)

Reconciliation of present value of plan liabilities

2007/08 £000s	2006/07 £000s
4,597	4,731
<u>4,597</u>	<u>4,731</u>

Schemes wholly or partly funded

Reconciliation of fair value of plan assets

2007/08 £000s	2006/07 £000s
4,232	3,634
316	261
(2,106)	186
356	320
(303)	(169)
<u>2,495</u>	<u>4,232</u>

At the beginning of the year

Expected rate of return on plan assets

Actuarial gains/(losses)

Contribution by group

Benefits paid

At the end of the year

Reconciliation to balance sheet

2007/08 £000s	2006/07 £000s
(4,597)	(4,731)
2,495	4,232
<u>(2,102)</u>	<u>(499)</u>
<u>(2,102)</u>	<u>(499)</u>

Present value of funded obligations

Fair value of plan assets

Plan deficit

Related deferred tax asset

Net liability

30 **PENSIONS** (continued)

The amounts recognised in profit and loss are as follows:

Included in administrative expenses:

Current service cost	195	241
Past service cost	50	0

Included in other finance (income)/expense:

Interest cost	274	243
Expected return on plan assets	(316)	(261)
	<u>203</u>	<u>223</u>

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

Actual return less expected return on pension plan assets	409	337
Experience gains and losses arising on the scheme liabilities	(2,106)	186
Changes in assumptions underlying the present value of the scheme liabilities	-	-

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

	(1,697)	523
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Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses

	(750)	947
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	<u>(750)</u>	<u>947</u>
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30 **PENSIONS** (continued)

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.

	2007/08 £000s	2006/07 £000s
<i>Actual return on plan assets</i>	(269)	445

Principle actuarial assumption used at the balance sheet date

	2007/08 %	2006/07 %
Discount rates	6.7	5.8
Expected rate of return on plan assets	7.2	7.4
Future salary increases	5.3	4.8
Future pension increases	3.8	3.3

Five year history

	2007 £000s	2006 £000s	2005 £000s	2004 £000s	2003 £000s
Present value of the plan liabilities	(4,597)	(4,731)	(4,691)	(4,116)	(4,920)
Fair value of the plan assets	2,495	4,232	3,634	3,122	3,481
(Deficit)/surplus on the pension plans	(2,102)	(499)	(1,057)	(994)	(1,439)
<i>Experience adjustments arising on:</i>					
Plan liabilities	(2,106)	186	(232)	1,378	3
Plan assets	409	337	145	(872)	2

The group's best estimate of the contributions expected to be paid in the year beginning on the 1 August 2008 is £324,000

31 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	Life Long Learning	Graduate Teachers Programme
	(HEFCE)	(HEFCE)	(TDA)
Balance as at 1 August 2007	6,746	358,733	-
Funds received	763,303	1,640,476	1,966,844
Disbursement of funds	765,622	1,651,015	1,398,670
Balance as at 31st July 2008	<u>4,428</u>	<u>348,194</u>	<u>568,174</u>

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

32 RELATED PARTY TRANSACTIONS

In the course of normal operations, related part 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.

Transactions relating to franchised arrangements with West Thames College amounted to payments of £263k (2006/07: £236k), an organisation in which the principal Thalia Marriott is a member of the Kingston University Board.

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

	2007/08	2006/07
	£000s	£000s
Franchising income	233	102
Franchising costs	(335)	(272)
	<u>(102)</u>	<u>(170)</u>

The Nightingale Centre



Kingston: at a glance

The University is the largest provider of higher education in south-west London, with a history dating back to 1899 when Kingston Technical Institute opened. Today we are a new university and proud of it.

Numbers

- 19,981 students
- 2,807 non-UK students from 133 countries
- 2,128 staff
- £167 million in annual income
- £3.8 million awarded to students to help widen participation in higher education

Faculties

We pride ourselves on offering a comprehensive range of courses through our seven faculties:

- Art, Design & Architecture
- Arts and Social Sciences
- Business and Law
- Computing, Information Systems and Mathematics
- Engineering
- Health and Social Care Sciences
- Science

Campuses

The University is located at four sites, each with its own particular character:

- Penrhyn Road – the hub of student activity in Kingston
- Kingston Hill – a modern campus set in landscaped gardens
- Knights Park – a relaxed atmosphere in a riverside setting
- Roehampton Vale – a modern building close to Richmond Park

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