



Strategic Review and Financial Statements

2018/19



Welcome

In another demanding year for higher education, Kingston University has built on previous success and continued to evolve to meet the challenges of our time.

We have been listed among the top 50 universities in The Guardian league tables, seen a nine place rise in the Complete University Guide during the past two years and a year-on-year improvement in the National Student Survey. We have stabilised the size of the student population and seen an improvement over the last two years of 12 places in The Times and Sunday Times Good University Guide.

At Kingston University we have a proud heritage of advancing knowledge and making a difference to the world around us. Over the past year, we have continued that tradition. Amidst our ambitions, we sustained focus on improving educational outcomes for people from all walks of life.

During 2019, this has been recognised when Universities Minister Chris Skidmore visited the University and considered our work to improve access and participation to be best practice and an inspiration for other institutions. The University has also been recognised as one of the leading institutions for helping care leavers move on to higher education. The importance of our pioneering work in this area was highlighted with a second ministerial visit in 2019.

We are particularly proud of these achievements as they come at a time of continuing uncertainty for British universities. All of the above has been achieved whilst maintaining a responsible financial position and a plan for measured investment going forward.

In the coming year, we will continue to build on our strengths and heritage through our commitment to high academic achievement, to supporting an inclusive learning and innovating community, and through a balance of scholarship, research and professional practice.

Steven Spier
Vice-Chancellor



David Edmonds
Chair, Board of Governors



Year in Review

Enhancing opportunities for students

The University's commitment to equality, diversity and inclusion remains a key tenet of an institution-wide approach to improving outcomes for students from all walks of life.

The University undertakes pioneering work to ensure all students have a fairer chance of achieving their full academic potential regardless of their background or personal circumstances. Our focus on improving outcomes for all has led to the proportion of Kingston's UK domiciled BME students obtaining first and upper-second class degrees increasing from 45 per cent in 2012 to 70 per cent in 2017.

Our progress has been recognised when Universities Minister Chris Skidmore visited with an interest in what the University had been doing to improve access and participation, particularly for black and ethnic minority communities, and lowering attainment gaps. Mr Skidmore considered the work to be best practice and praised the University for being an inspiration for other institutions.

The University has been recognised for sector-leading work helping students who are care leavers or estranged from their families move on to higher education and have the opportunity to complete a degree. In a second visit this year, coinciding with the launch of new Government guidelines encouraging universities to take a more active role to support students from care backgrounds, Universities Minister Chris Skidmore and Children and Families Minister Nadhim Zahawi highlighted the importance of Kingston University's pioneering work in this area.

With 230 undergraduates currently in the KU Cares network, Kingston University is responsible for one of the country's largest groups of students with experience of the care system. The effectiveness of the package of support it offers saw 100 per cent of Kingston's care-experienced or estranged students remain engaged with their studies during 2017-8. The figure bucks a sector trend where research has found care leavers are generally over a third more likely to withdraw from higher education than their peers.

There is a dedicated approach to gender equality at the University and this has been recognised through the receipt of another Athena SWAN award. The School of Computer Science and Mathematics was noticed for its commitment to equality when it received a bronze award in January 2019. This follows the School of Life Sciences, Pharmacy and Chemistry who achieved the first bronze department award for the University last year. In 2015 the Athena SWAN Charter was expanded to include all subject areas, both academic and professional services staff and trans staff and students; Kingston University renewed its institution award in 2017. Department awards recognise that, in addition to institution-wide policies, specific work is being carried out in a School to promote gender equality and representation, progression and success for all.

Standing in the higher education sector

The University maintained a strong position in the 2020 Guardian University Guide league tables by climbing ten places, coming in at a joint 48th position, and is placed in the top 50 of UK institutions. The design and crafts subject area – which covers graphic design, interior design, illustration, animation and product and furniture design – was named top in the UK. Three further subject areas were also ranked in the top 10 nationally with both sports science and fashion leading the listings for London.

The University's performance was equally strong in the National Student Survey (NSS) results. It achieved 100% student satisfaction in six course groups – journalism, learning disability nursing, information systems, mathematics, sports science and nutrition (exercise and health) – and saw some vast improvements more generally. The most notable improvements on last year were in three key teaching metrics:

	2018/9 (%)	2017/8 (%)
Teaching on my course	81.3	80.5
Assessment and feedback	73.7	72.6
Academic support	79.5	75.5

Kingston University performed well against sector averages in the student voice category with a score of 76.5 per cent and the learning community achieving 78 per cent, which shows a 2.8 per cent and 2.1 per cent rise on the sector averages respectively.

In addition to its subject successes, the University put in a strong performance across the board in this year's NSS. Its overall satisfaction rate rose to 82.2 per cent from 80.5 per cent in 2018, bucking the average sector trend.

Strategy and objective

Like many universities, we have found the past few years increasingly challenging. However, the environment we now inhabit was largely foreseen in 2017 when we launched our transformation programme.

Throughout 2017, the University introduced an academic improvement programme, which led to significant improvements to teaching and enhanced our position in the higher education marketplace. We have since seen an improvement across every performance indicator.

Over the past year, the focus has turned to a redesign of professional and support services with directorates to ensure our services are well led and positioned to support our students and academic community. A proposal has been made for remodelled structure that considers our current aspirations and seeks to align with our recent academic improvements.

Development and performance throughout the year

Access and Participation

Kingston University continued to build on its sector leading approach to supporting the fair access, inclusion and success of students from all backgrounds through investment in a combination of financial support and targeted activities delivered across the student lifecycle.

The University's Education Liaison and Outreach team worked with hundreds of schools and colleges, delivering engaging and interactive sessions to build the awareness, aspirations and attainment of more than 14,000 pupils of all ages, with a focus on reaching those from disadvantaged backgrounds and under-represented groups.

Through our continued partnership with the Mohn Westlake foundation, the University expanded the reach of two targeted and impactful transition and support programmes – Head Start and KU Cares. Both programmes have been associated with improved rates of retention and success for students who face barriers in accessing and succeeding in higher education. KU Cares, which offers tailored support to students who are care-experienced, estranged from their families, young adult carers and asylum seekers, was described as exemplary by government Ministers who visited the University on two separate occasions during the academic year to meet with staff and students.

The University continued to invest significantly in an enrichment and enhancement programme, featuring initiatives such as peer-assisted learning, equality mentoring, research partnerships, project consultancy and volunteering designed to support the personal and academic development of students from all backgrounds. Hundreds of students were also employed in a variety of roles on campus, enabling them to enhance their skills and gain valuable work-experience whilst earning money and delivering essential projects and services for the University.

Two of our students were honoured with external awards: Rochelle Watson (below) won a national social mobility award for her voluntary and charity work, while Michael Shakil was selected from more than 200 applicants by HRH the Princess Royal to receive the Festival of Learning 2019 Patron's Award.

In 2018/19, the University paid out over £2m in financial support for students, including: 250 Kingston Bursaries for new entrants (£2,000 per student); c.130 bursaries for care leavers and learners estranged from their families (£1,500 per student); c. 45 bursaries for young adult carers (£500 per student). Funds were also made available to support disabled learners and students in financial hardship.

A further sum of £3.6m was allocated through the University's access agreement to a wide range of activities to support the access, success and onward progression of students from disadvantaged backgrounds and groups under-represented in higher education.



Research, business and innovation

Internationally, we have continued to grow our Pre-Sessional English Language and summer school programmes with approximately 600 students joining us this year predominantly from China, South Korea and Japan. Our strategic relationship with the South London Partnership consortium boroughs has resulted in a step change in our influence and reach across the sub-region. From growing our Knowledge Transfer Partnership Portfolio, to our role as strategic research partners in a £4million Internet of Things project, Kingston University is leveraging our role as South London's largest HE provider to develop a range of knowledge exchange activities aimed at supporting our business community to grow skills and improve productivity. Our flourishing student entrepreneurship community continues to grow with over 1300 students engaging with more than 100 businesses across our programmes, with the KU Alumni Enterprise Circle Scheme taking an equity share, alongside McCain Foods Ltd, in the student start-up company Chip[s] Board, which makes boarding from potato peelings.

Apprenticeship courses in BEng (Hons) Civil & Infrastructure Engineering (SEC); BSc (Hons) Real Estate Management (BSS); BSc (Hons) Quantity Surveying Consultancy (SEC); BSc (Hons) Building Surveying (SEC), enrolled a combined 62 apprentices in 2018/19. During the year, a further 3 courses were approved for autumn 2019 start, meaning apprentice numbers will treble in 2019/20.

Success as a member of the TECHNE consortium for AHRC studentship funding has continued for another year with the start of the second grant, TECHNE2. In this year's competitions, 11 studentships were awarded to Kingston School of Art, with a total value of more than £565,000, including 3 awards in collaboration with external partners. Extensive research supervisor training has run this year, with 84 places taken up and repeat courses being offered throughout the year.

REF activity during the year has focussed on two strands. One was the policies, processes and consultations required to manage REF, including establishing how we define significant responsibility for research from our career framework and to embed these in a formal Code of Practice, which was submitted to REF in June and has been accepted. The other was to build upon the lessons learned from the mock exercise and establish steering groups for impact and environment which guide and inform the unit of assessment coordinators and feedback on their preparations in these areas, building towards our second mock exercise from autumn 2019. The University's recurrent research funding (QR) allocation from OFS has increased slightly to £3.4M.



Civic Engagement

Kingston University is proud to play an important role in our local and regional communities. The University strives to build strong relationships with the wider community and to enhance the cultural, economic and social character of the locality.

Throughout the year, the University continued to play an active role in a wide range of local organisations and partnerships to promote and improve the local area. As well as being a patron member of Kingston Chamber of Commerce, the University has board representation at organisations such as Kingston First and the Skills and Employment Board on the South London Partnership. The University is also the co-sponsor of a local secondary school, the Kingston Academy, along with Kingston College and Kingston Council. Furthermore, this year the University has signed a pledge to develop a Civic University Agreement to work with other institutions and to develop partnerships to overcome challenges facing the local community.

For the past year the University has been working in partnership with Kingston Council, Kingston First and the Greater London Authority on Re-imagining Kingston Town Centre, a project designed to enhance the public realm and connectivity between Kingston's public spaces and the town centre. Through a period of extensive community engagement, this partnership has developed a framework to identify opportunities for the future use of Kingston's public spaces and places.

Our students continue to be an important part of the impact that we have locally across a range of projects with local organisations and community groups. Examples include two of our design students designing the Kingston Pound, the printed notes for a local currency with an ethical mission to encourage consumers and businesses to buy locally and support independent retailers. Our post graduate architecture students and geography students have played a critical role in a regeneration scheme in Tolworth delivered through the Community Brain's SHEDx project.

The University is once again sponsoring and supporting the Kingston Business Excellence Awards, helping to highlight the businesses and individuals that contribute so much to the borough, and the Kingston Carnival which celebrates the borough's cultural diversity.

On campus, work on the University's flagship Town House at Penrhyn Road has continued, as has construction for the refurbishment of the New Extension building at Knight's Park. The University has collaborated with Willmott Dixon, the construction company delivering Town House, to provide educational and employment skills opportunities to the wider community. So far the Employment Skills Plan has delivered site visits for 803 students from a range of institutions, workshops for 955 students and 427 apprentice weeks.

Other ongoing projects include the KU Big Read which had another successful year with the chosen novel proving popular with the Kingston University population. *Eleanor Oliphant is Completely Fine* by Gail Honeyman was made available on campuses from July, and throughout the academic year, for staff and current students to collect at their leisure. Working closely with the local community, the Big Read joined forces with the Royal Borough of Kingston-upon-Thames, specifically working closely with local libraries in the area.



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 Office for Students (OFS) in its role as principal regulator under the terms of the Charities Act 2011, section 25. 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;
- 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.



Sustainability and ethics

As a part of the sustainability initiative, Kingston University has rolled out a new and improved service for the removal and disposal of general waste and recycling. The programme is aimed at significantly improving the current recycling rate which currently stands at 48.3 per cent across the University. The aim is to become one of the top UK universities for waste management and recycling, achieving more than 80 per cent diversion of waste by either recycling or anaerobic digestion treatment by the year 2020.

The University is committed to reducing its carbon emissions. Key to this commitment is managing energy consumption. Ongoing energy management projects are underpinned by the Carbon Management Plan. Estates and Kingston University Service Company Ltd (KUSCO) projects address energy management as a matter of course. The University's Carbon Management Plan's target is to reduce CO₂ emissions by 35%, from a 2005-6 baseline, by 2020. The equivalent of 4,506 tonnes of carbon, which is the same as the annual carbon emissions from 1,200 UK homes. University plans to save energy include: improving building management system controls, educating people to use less energy, improving building fabric and using low and zero-carbon technologies.

To date* the University has reduced its annual CO₂ emissions by 3877 tonnes of CO₂. This is the equivalent of driving a Ford Fiesta around the world 654 times or the total of emissions produced from 956 UK homes per year. The University has also been ranked 15th out of 156 universities for carbon reduction**.

** Figure from August 2018*

*** (AUDE Green Scorecard 2016-17)*

Summary of financial performance

Financial strategy

The financial strategy supports Plan 2020 by ensuring that the University's costs are covered by its income, that sufficient reserves are maintained and that the liquidity position will meet its operating requirements. The substantial cash reserve of £67.6m together with cash generated from operations is used to invest in estates and infrastructure to support student experience.

The strategy defines four key performance measures which are used as front-line mandatory ratios in determining success in achieving the financial strategy:

- Net liquidity of at least 60 days
- Borrowings not to exceed 32% of net assets excluding pension reserve
- Cash generated from operations before restructuring costs both in year and three year rolling of £18m.

These four measures are met for 2018/19 and for the period of the financial plan to 2020/21. The reduction in liquidity days reflects the continued investment in fixed assets of £39.9m in the year for the Town House Building and the new extension to the Kingston School of Art at Knight's park.

KPIs	Target	2018/19	2017/18
Cash generated from operations (excl restructuring costs)/£m	18m	32.7	16.9
3 year rolling plan	18m	24.7	23.2
Net liquidity in days	60	135.2	177.1
Borrowing as % net assets excluding pensions	<32%	22.3%	23.3%



Summary of financial performance for the year

The reported deficit of £6.9m is stated after charging restructuring costs of £3.3m and pension charges of £6.7m. Therefore the underlying result is a surplus of £3.1m which is an improvement of £6.8m on the deficit incurred last year. This reflects that the University is on a trajectory of working towards a sustainable position. This is further demonstrated with cash generated from operations (excluding restructuring costs) reported at £32.7m for the year which exceeds the University KPI of £18m for both annualised and 3 years rolling measures. The liquidity position remains strong with a year-end cash balance of £67.6m.

The total comprehensive income for the year is stated after charging an actuarial loss of £19.5m where last year there was a gain of £26.4m. This adjustment reflects the increase in the pension liability resulting from a reduction in the discount rate in the Local Government Scheme (RBK) from 2.8% to 2.1%. This adjustment has no impact on the cash generated from operations nor the liquidity of the University.

This result demonstrates the positive financial impact of Plan 2020 where costs are being effectively controlled during a year where income has fallen slightly by £0.5m. This year represents the final managed income reduction with moderate increases expected in the next few years.



These financial statements are prepared under the accounting standard FRS102 and represent the consolidated position to include the wholly-owned subsidiary companies Kingston University Service Company Limited (KUSCO), Kingston University Campus Enterprises Limited (KUCEL) and Kingston University Enterprises Limited (KUEL). The statements also include share of the revenue, costs, assets and liabilities from a joint venture arrangement in health and social care education with St George's, University of London.

Statement of Comprehensive Income		
	2018/19 £m	2017/18 £m
Income	191.7	192.2
Expenditure	198.6	205.3
Deficit for the year	(6.9)	(13.1)

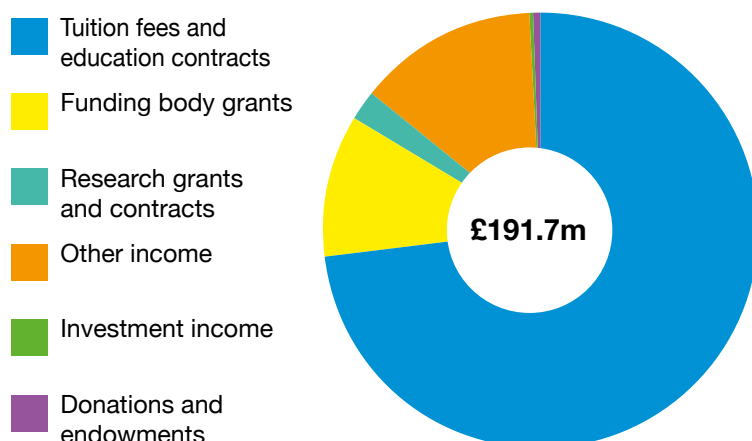
Balance Sheet		
Fixed assets	460.8	435.0
Current assets	83.9	114.6
Creditors falling due within 1 year	(44.1)	(45.3)
Net current assets	39.8	69.3
Creditors falling due after 1 year	(97.5)	(101.8)
Pension provision	(86.3)	(59.2)
Net assets	316.8	343.3

Cash and cash equivalents balance	67.6	91.5
Cash generated from operating activities	27.5	11.2

Financial highlights for the year

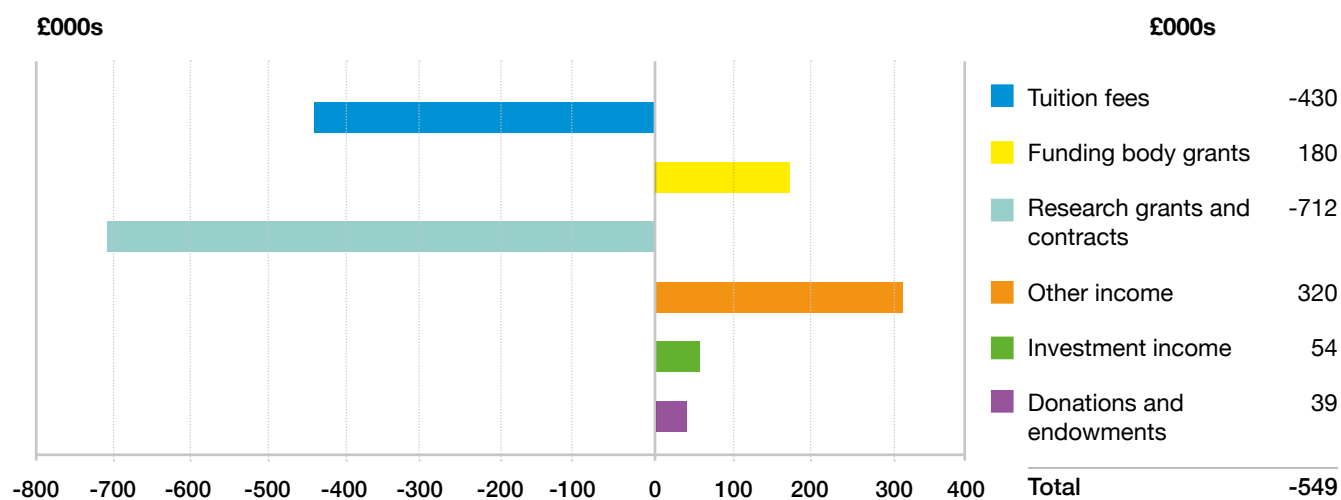
The total income of £191.7m includes income relating to core activities from two sources: OFS income and tuition fees. An analysis of the income is shown in the chart below:

2018/19 (£m) income



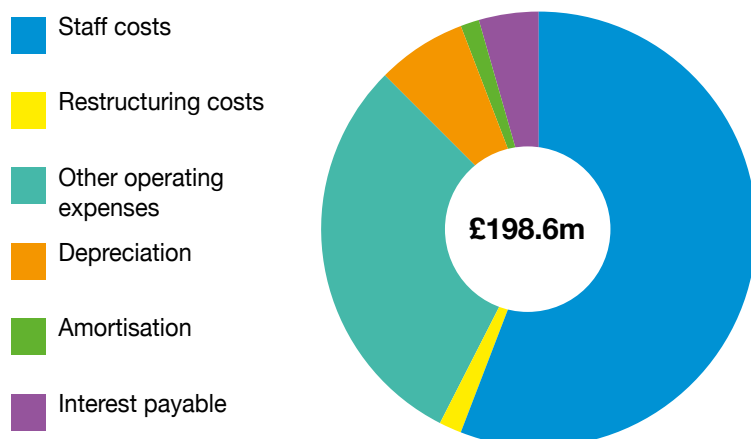
The total income reduced by £0.5m from 2017/18 as shown in the chart below:

Movement in income



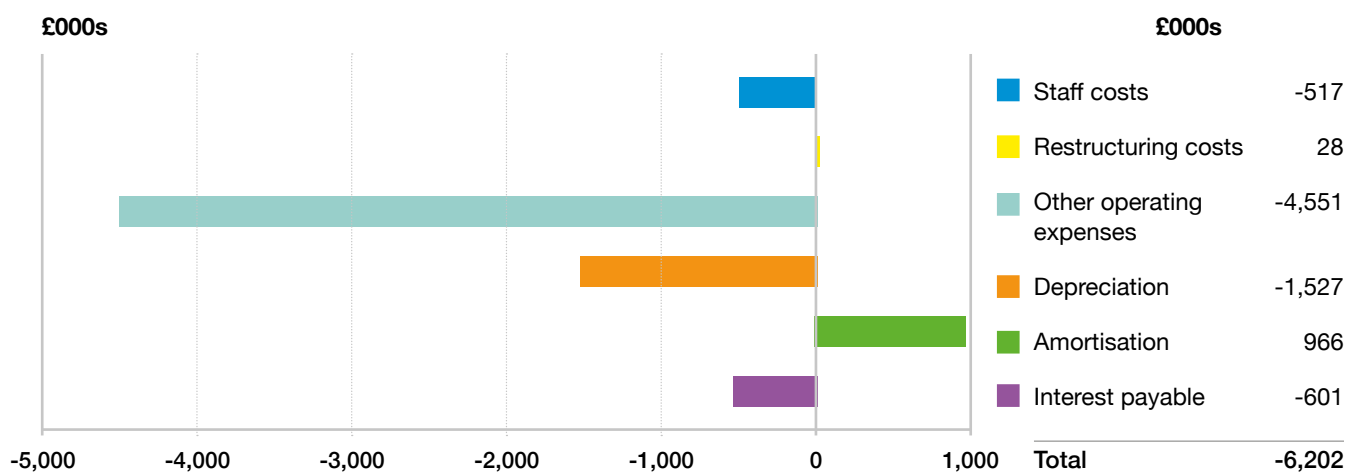
Total expenditure of £198.6m is categorised as follows:

2018/19 (£m) expenditure



Total expenditure decreased by £6.2m as shown in the table below:

Movement in expenditure



There is a small reduction in payroll costs of £0.5m. After adjusting for movements in FRS102 pension costs and the holiday pay accrual last year, there is a real reduction of £6.3m resulting from staff reductions of 127. In addition

to this other operating expenditure is reduced by £4.5m including reduction in franchising costs (£1.3m), students grants and bursaries (£1.0m), equipment purchases (£720k) and software costs (£420k).

Capital expenditure

Expenditure on fixed assets totalled £39.9m including freehold buildings and assets under construction £37.9m, and £2.0m on plant, machinery and equipment. The assets under construction included the Town House development (£21.7m) and the new extension at Knight's Park (£16.1m). Additions to intangible assets included software development of £2.2m.

Treasury management

The cash generated from operating activities totalled £27.5m (2017/18; £11.2m). This improvement includes an increase in the underlying surplus of £6.8m and an improvement in the debtor movement of £12.1m.

The year-end cash balance reduced by £23.9m to £67.6m. Surplus funds are invested with the main UK and European banks on term deposits. Interest earned on these deposits amounted to £0.6m in the year at an average rate of 0.8%.

The decrease in the cash balance is after payments for fixed asset additions of £39.9m. Total loans outstanding at the year-end include a bank loan to Barclays Bank (£66.4m), Clayhill Service Concession arrangement (£20.4m) and obligations under finance leases (£2.7m).

Future Prospects

The 2019 recruitment position indicates that student recruitment is close to target. Further work has continued during 2018-19 to align the cost base to match income to enable the University to be sustainable in the future. The investment in the estate continues with the new Town House Building and Knight's Park new extension opening in January 2020.



Principal risks and uncertainties

The financial environment for Higher Education remains challenging, bringing with it volatility in a period of significant uncertainty. The Higher Education sector continues to remain a very competitive marketplace. The University recognises that it faces a number of inherent risks and uncertainties resulting from both sector specific issues and the wider economic environment including risks associated with external market conditions, an increasingly uncertain political environment, high volumes of regulatory change and an increase in cyber criminality.

Effective risk management is critical to the success of delivering Kingston University's strategic objectives and corporate plan. The university proactively identifies, monitors, manages and mitigates against risk, promoting a mature, robust and proactive approach and culture towards both risk management and governance.

The Strategic Risk Register (SRR) continues to remain a dynamic and fluid document comprised of both current and emerging risks. It not only informs both management and the Board of the key risks that are being faced by the University but it also highlights the actions and control measures that are being adopted in order to mitigate against those significant risks. Deliberations include; the nature and extent of the risk, the likelihood of the risk materialising and the universities ability to reduce the impact of the risk. The SRR also informs the internal audit plan for the forthcoming year.

Each of the risks recorded on the SRR are owned by a member of the Senior Leadership Team (SLT) and are informed by the university's operational risk registers. Each SLT member has responsibility for ensuring that their specific risks are regularly reviewed. Each strategic risk is assigned to the most appropriate Committee or to the Board directly in its entirety in order to ensure consistency and provide additional resilience and assurance that the risks are being appropriately reviewed, updated and monitored accordingly. The SRR is considered quarterly by both the SLT and the Audit and Risk Assurance Committee (ARAC) and is presented to the Board of Governors annually.

The Universities principal risks and uncertainties are detailed within the universities SRR. These are the most significant risks faced by the university that may adversely affect the universities strategy, financial position, performance and/or its sustainability. The risk assessment process evaluates the probability of these principal risks materialising and the financial and strategic impact that they may have on staff, students and/or stakeholders. Among the key risks are Student Recruitment and Information and Cyber Security.

The Higher Education sector continues to remain a very competitive market. Failure to achieve and retain student number targets subsequently remains a concern across the sector. Whilst the university is somewhat less reliant upon the international market than many of its peers, a substantial change to the international profile would undoubtedly result in a negative impact upon student numbers and result in a significant loss of income. The university has implemented a number of control measures in order to mitigate against the risks attached to student recruitment with an emphasis having been placed upon the student experience and graduate outcomes in the new University Strategy. Furthermore it has implemented a more systematic metrics driven focus to the quality enhancement of its course portfolio and continues to invest in both physical and virtual infrastructure, with a particular focus upon both learning and social spaces and the evolution of its IT provisions and learning environment.

At a time of increased economic constraint, significant political uncertainty and ever heightened competition, the continuation of a robust and mature risk management framework is paramount in ensuring that the universities financial health prevails. The university will continue to monitor the current uncertainty of the UK political landscape and economic environment and review all mitigation and control measures accordingly whilst continuing to deliver high quality teaching and academic provisions.



Modern Slavery Act 2015

Introduction

This Statement is designed to satisfy the requirements of Part 6 Section 54 of the Modern Slavery Act (2015) (the Act).

The University's Ethics Policy, states our commitment to the highest standards of ethical conduct in all our activities, along with making continuous improvements in this area. The University does not engage in, or condone, the practices of human trafficking, slavery or forced labour.

Structure of the business and supply chains

The University's supply chains mainly fall within the following 'top level' categories:

- Estates and facilities management (works, services and goods)
- ICT equipment and services
- Professional services
- Teaching materials

The University is a member of the London Universities Purchasing Consortium (LUPC) which has published its own Modern Slavery Statement and through whom the University has membership of Electronics Watch which works to protect the rights of electronics workers globally.

The University undertakes in excess of 30% of the value of our addressable spend through the London Universities Purchasing Consortium and agreements arranged by the other higher education purchasing consortia and public sector purchasing consortia.

The particular business and supply chains which may pose particular risks in terms of slavery are in facilities management, ICT & AV equipment, construction, and partnerships with overseas institutions in some jurisdictions. Our due diligence processes (below) minimise these risks.

Due diligence

Our due diligence process for the validation of new institutional partners, and arising agreements, includes requirements for compliance with the Act.

Our procurement process for new suppliers uses EU level tenders, requiring participants through the standard selection questionnaire to comply with the Act. We also use a supplier engagement tool (Net Positive Futures) to engage suppliers requesting them to review and confirm arrangements they have in place to comply with the Act across supply chains.

All members of the procurement team have received training on use of the tool. Through our involvement with LUPC and other organisations, the team share and keep up-to-date with best practice to identify and assess risks within supply chains.

Our facilities management services are provided by our wholly owned subsidiary, which pays the London Living Wage and does not employ unpaid interns.

Our membership of Electronics Watch via the LUPC means we can collaborate to minimise the risks of modern slavery.

Policies

The University has put in place a number of measures to ensure compliance with the Modern Slavery Act 2015. Our Corporate Social Responsibility Policy and Ethics Statement embeds Modern Slavery considerations, alongside other ethical business practices. The University Guide to Good Research Practice incorporates reference to the Ethics Statement and Modern Slavery. Training in relation to the Ethics Statement (including Modern Slavery) is provided.

Work will continue during 2019/20 to ensure compliance with the Act.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations came into force on the 1st April 2017. These regulations place a legislative requirement on the University to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within the organisation. The relevant data for 2018–19 is as follows:

The number of employees who acted as trade union officials during the year totalled 19 staff; The percentage of their time spent on trade union activity was as follows:

Percentage of time	Number of employees
0%–50%	19
51%–99%	0
100%	0

- The percentage of total salary costs spent on facility time totalled 0.1%
- Of the total facility time spent there was no paid trade union activity incurred.

OF KINGSTON UNIVERSITY

As the governing body of Kingston University, we have responsibility for maintaining a sound system of 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 Office for Students (OFS) Terms and Conditions of Funding for Higher Education Institutions.

The system of internal control is based on identifying 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 2019 and up to the date of approval of the financial statements, and accords with OFS 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 four times a year and consider the plans and strategic direction of the institution.
- b. We receive periodic reports from the Audit and Risk Assurance Committee (ARAC) concerning internal control, governance, value for money, risk management and data quality.
- c. ARAC met three times during the year and receives regular reports from the Head of Internal Audit (Managing director of KCG – 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. ARAC also reports to the Senior Management Team.
- d. We have a Finance Committee which regularly reviews the annual plan, monitors progress against the plan, and ensures that the University is managed as a going concern.
- 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 by nominated risk managers across the institution.
- h. A programme of risk awareness training continues 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 Directorate) levels.

Our review of the effectiveness of the system of internal control is informed by KCG, which operates to standards defined in the OFS Audit Code of Practice.

Our review is also informed by executive managers who develop and maintain the internal control framework, and external auditors who report and attend Audit and Risk Assurance Committee meetings, as necessary.

RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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 OFS terms and conditions of the Terms and Conditions of Funding for Higher Education Institutions, 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 contained therein.

In relation to the preparation of the 2018/19 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 OFS, Research England, Education Funding Agency and Teaching Regulation Agency are used only for the purpose for which they have been given and in accordance with the terms and conditions of funding with OFS and Research England;
- 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.

As far as each member of the Board of Governors is aware:

a) there is no relevant audit information of which the University's auditors are not aware; and

b) each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the university's auditors are aware of that information.

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

Dr Ali AL-KINANI	Appointed 01/09/19
Ms Heather ALLAN	Tenure ended 01/07/19
Mr Steven BASTOW	Appointed 21/01/19
Mrs Sandra CAMPOPIANO	
Mr Imran CHUGHTAI	Appointed 01/01/19
Mr Paul CLEAL	
Mrs Nancy COGSWELL	
Mr James DENHOLM-PRICE	Tenure ended 01/07/19
Mr. David EDMONDS	
Mr. Gary ERNEST	Tenure ended 01/07/19
Professor Caroline GIPPS	Tenure ended 01/07/19
Mr Feisal HAJI	Appointed 01/08/19
Ms Gill HALL	Appointed 01/07/19
Professor Jenny HIGHAM	
Mr Dirk KAHL	Appointed 01/01/19
Ms Aranee MANOHARAN	Appointed 04/10/18
Miss Caroline MAWHOOD	Appointed 01/07/19
Mr. Peter MAYHEW-SMITH	
Mr Kamal MOHAMED	Appointed 01/08/18, tenure ended 31/07/19
Mrs Alison OSBORNE	Appointed 01/07/19
Mr Andrew PEARCE	
Ms Jane SCOTT	Tenure ended 01/07/19
Mr Francis SMALL	
Mr Tom SMYTH	Appointed 01/07/19
Professor Steven SPIER	
Mr Mick WILLIAMS	
Ms Jo WOODS	Tenure ended 01/07/19

INDEPENDENT AUDITOR'S REPORT

TO THE

BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

Opinion

We have audited the financial statements of Kingston University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2019 which comprise Consolidated and University Statement of Comprehensive Income, the Consolidated and University Balance Sheets, the Consolidated and University Statement of Changes in Reserves, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2019 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the Group's and the University's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board of Governors are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS") and Research England Audit Code of Practice

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.

INDEPENDENT AUDITOR'S REPORT

TO THE

BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

Responsibilities of the Board of Governors

As explained more fully in the responsibilities of the Board of Governors statement, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the Group and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the University Board of Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board of 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 Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

28 November 2019

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

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

1. Basis of preparation

Kingston University is a Higher Education Institution incorporated in England under the Education Reform Act 1988 (as amended by the Further and Higher Education Act 1992). These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education in 2014 and in accordance with Financial Reporting Statements (FRS102) and the Accounts Direction to Higher Education Institutions). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102.

In preparing the separate financial statements of the parent University, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent university;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the Board of Governors have made the following judgements:

- Determine whether leases entered into by the University either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the University's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.
- Determine whether the agreement entered into with GH Clayhill Ltd meets the definition of a service concession arrangement. Factors taken into consideration in reaching a decision include whether the asset is an infrastructure asset, who has control of the services provided and the provisions relating to the asset at the end of the life of the agreement.

Other key sources of estimation uncertainty:

- *Tangible fixed assets (see note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Investment property (see notes 11 and 12)*

The investment property has been reviewed for impairment at the year end and is carried in the balance sheet at fair value.

- *Investments (see notes 15)*

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

- *Trade debtors (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

- *Defined benefit pension scheme (see note 29)*

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation include standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the USS pension scheme include salary inflation over the period of the funding deficit plan and the discount rate to be used.

3. Basis of consolidation

The consolidated financial statements include the University and its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students Union as the University does not exert control or dominant influence over policy decisions.

The University has a jointly controlled operation with St Georges Hospital Medical School for the provision of Healthcare education. Under the terms of the agreement, assets and liabilities are shared equally, income and expenditure is apportioned according to the underlying activity attributed to each institution.

4. Income recognition

Tuition fees and education contract income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the University receives and distributes as paying agent on behalf of a funding body are excluded from the income and expenditure account, where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Income from the sale of services is credited to the Statement of Comprehensive Income when the goods and services are supplied to the external customers or the terms of the contract have been satisfied.

Grant funding

Government revenue grants including funding council block grant and research grants are accounted for under the accrual model and are recognised in income over the period in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after one year as appropriate.

Grants (including research grants) from non government sources are recognised in income where the University is entitled to the income, and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the donation.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a specific purpose
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

5. Accounting for retirement benefits

The University has three principal defined benefit pension schemes; Local Government Pension Scheme (LGPS), Universities Superannuation Scheme (USS) and Teachers Pension Scheme (TPS). The schemes are defined benefit schemes, which are externally funded and contracted out of the state Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries. The London Pension Fund Authority (LPFA) Pension Scheme was closed in March 2019.

The institution participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this liability.

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, and is accounted for as such.

Contributions to the pension schemes are charged to the Statement of Comprehensive Income in the year in which they become payable.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than defined contribution plan. Under a defined benefit plan, the University's obligation is to provide the agreed benefits to current and former employees, and the actuarial risk and investment risk are borne, in substance by the University. The Group will recognise a liability for its obligation under a defined plan net of plan assets. This net defined pension liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine the present value, less the fair value of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

6. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render services to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

7. Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of the finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate.

Costs in respect of operating leases are charged on straight-line basis over the lease term. Any lease premium or incentives are spread over the minimum lease term.

8. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangements are allocated between service costs, finance charges and financial liability repayments to repay the financial liability to nil over the life of the arrangement.

9. Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued on or prior to the date of transition to the 2014 FE HE SORP, are measured on the basis of deemed cost, being the fair value at the date of revaluation.

Land and buildings

Cost incurred in relation to the land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on straight line basis over their expected useful lives.

New builds	50 years
Refurbishments	10-50 years

No depreciation is charged on the assets in the course of construction.

Equipment

Capitalised equipment is stated at cost and depreciated over its expected useful life of between 4 – 10 years.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method in the period in which they are incurred.

Issue costs are initially recognised as reduction in the proceeds of the associated financial instrument.

10. Heritage assets

Works of art and other artefacts have been capitalised and recognised at cost or value at acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

Buildings which form part of a heritage asset have been capitalised and recognised at cost or value of acquisition, where such a cost or valuation is reasonably obtainable. Heritage buildings are depreciated over their useful life.

11. Investment property

Investment property is land and buildings held for rental income or capital appreciation. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued annually according to market conditions at 31 July each year.

12. Intangible assets

Intangible assets are amortised over their useful life of between 4 to 10 years. Intangible assets relate to software development costs that have future economic benefit to the University.

13. Investments

Non-current asset investments are held on the Balance Sheet at cost less impairment. Investments in subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are term deposits which are carried at transaction price.

14. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, current accounts and deposits, which have maturity of less than three months, and overdrafts.

15. Jointly controlled operations

The University accounts for its joint arrangement with St Georges Medical School as a jointly controlled operation. The University accounts for its share of transactions from joint operations in the Statement of Comprehensive Income and for its share of assets and liabilities in the Balance Sheet.

16. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of the income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which results in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items and expenditure in taxation computations in periods different from those in which they are included in financial statements.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2019

17. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowments to the University, are held as a permanent restriction fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

18. Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

19. Financial liabilities and equity

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2018/19 £000s	2018/19 £000s	2017/18 £000s	2017/18 £000s
		Consolidated	University	Consolidated	University
INCOME					
Tuition fees and education contracts	1	140,920	140,920	141,350	141,350
Funding body grants	2	20,362	20,362	20,182	20,182
Research grants and contracts	3	3,736	3,367	4,425	4,060
Other income	4	25,287	25,996	24,990	25,213
Investment income	5	637	589	583	558
Donations and endowments	6	727	727	688	688
Total income		191,669	191,961	192,218	192,051
EXPENDITURE					
Staff costs	7	111,255	104,670	111,772	105,151
Fundamental restructuring costs	7	3,268	3,230	3,240	3,180
Other operating expenses		59,334	67,706	63,885	71,714
Amortisation	10	3,140	3,140	2,174	2,174
Depreciation	11	13,205	13,205	14,732	14,732
Interest and other finance costs	8	8,414	8,335	9,015	8,913
Total expenditure	9	198,616	200,286	204,818	205,864
Deficit before other gains/(losses)		(6,947)	(8,325)	(12,600)	(13,813)
Loss on disposal of fixed assets	10,11	(8)	(8)	(537)	(537)
Deficit before qualifying charitable donations		(6,955)	(8,333)	(13,137)	(14,350)
Qualifying charitable donations		25	25	-	852
Deficit for the year		(6,930)	(8,308)	(13,137)	(13,498)
Actuarial (loss)/gain in respect of pension schemes	21	(19,509)	(18,857)	26,368	25,836
Total comprehensive (expenditure)/income for the year		(26,439)	(27,165)	13,231	12,338
Endowment comprehensive income for the year		-	-	66	66
Restricted comprehensive income for the year		5	5	71	71
Unrestricted comprehensive income for the year		(26,444)	(27,170)	13,094	12,201
		(26,439)	(27,165)	13,231	12,338

All amounts included within the statement of comprehensive income are in respect of continuing activities.

The notes on pages 31-47 form part of the financial statements.

BALANCE SHEETS

FOR THE YEAR ENDED 31 JULY 2019

Consolidated	University	Consolidated	University
2018/19	2018/19	2017/18	2017/18
£000s	£000s	£000s	£000s

Notes

Fixed assets

Intangible assets	10	12,028	12,028	13,416	13,416
Tangible assets	11	446,683	446,683	419,458	419,458
Heritage assets	11	1,998	1,998	1,998	1,998
Investments	15	135	6,236	115	6,216
		460,844	466,945	434,987	441,088

Current assets

Stock		139	139	85	85
Debtors	16	16,156	15,739	22,988	23,214
Current asset investment	17	11,138	11,138	27,788	27,788
Cash at bank and in hand		56,446	49,200	63,671	56,076
		83,879	76,216	114,532	107,163

Creditors: amounts falling due with one year	18	(44,112)	(43,374)	(45,173)	(43,919)
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Net current assets

		39,767	32,842	69,359	63,244
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Total assets less current liabilities

		500,611	499,787	504,346	504,332
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Creditors: amounts falling due after more than one year	19	(97,491)	(97,491)	(101,811)	(101,811)
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Net assets excluding pension liability		403,120	402,296	402,535	402,521
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Provisions for liabilities

Pension provisions	21	(86,267)	(82,909)	(59,243)	(55,969)
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Total net assets		316,853	319,387	343,292	346,552
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The notes on pages 31-47 form part of the financial statements.

BALANCE SHEETS (continued)
FOR THE YEAR ENDED 31 JULY 2019

Consolidated	University	Consolidated	University
2018/19	2018/19	2017/18	2017/18
£000s	£000s	£000s	£000s

Notes

Restricted reserves

Income & expenditure reserve - endowment fund	23	1,225	1,225	1,225	1,225
Income & expenditure reserve - restricted reserve	23	1,384	1,384	1,379	1,379

Unrestricted reserves

Income & expenditure account - unrestricted		84,577	87,111	108,056	111,316
Revaluation reserve		229,667	229,667	232,632	232,632
		<u>316,853</u>	<u>319,387</u>	<u>343,292</u>	<u>346,552</u>

The financial statements were approved and authorised for issue by the Governing Body on 27 November 2019 and signed on its behalf by:



David Edmonds CBE
Chairman of the Board of Governors



Professor Steven Spier
Vice Chancellor

The notes on pages 31-47 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2019

	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
Consolidated	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2018	1,225	1,379	108,056	232,632	343,292
Surplus/(deficit) from income & expenditure account	-	5	(6,935)	-	(6,930)
<i>Other comprehensive income</i>					
Actuarial loss on pension scheme	-	-	(19,509)	-	(19,509)
Transfer	-	-	2,965	(2,965)	-
Total comprehensive (expenditure)/ income for the year	-	5	(23,479)	(2,965)	(26,439)
Balance 31 July 2019	1,225	1,384	84,577	229,667	316,853
	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
University	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2018	1,225	1,379	111,316	232,632	346,552
Surplus/(deficit) from income & expenditure account	-	5	(8,313)	-	(8,308)
<i>Other comprehensive income</i>					
Actuarial loss on pension scheme	-	-	(18,857)	-	(18,857)
Transfer	-	-	2,965	(2,965)	-
Total comprehensive (expenditure)/ income for the year	-	5	(24,205)	(2,965)	(27,165)
Balance 31 July 2019	1,225	1,384	87,111	229,667	319,387
	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
Consolidated	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2017	1,159	1,308	91,995	235,599	330,061
Surplus/(deficit) from income & expenditure account	66	71	(13,274)	-	(13,137)
<i>Other comprehensive income</i>					
Actuarial gain on pension scheme	-	-	26,368	-	26,368
Transfer	-	-	2,967	(2,967)	-
Total comprehensive (expenditure)/ income for the year	66	71	16,061	(2,967)	13,231
Balance 31 July 2018	1,225	1,379	108,056	232,632	343,292
	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
University	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2017	1,159	1,308	96,148	235,599	334,214
Surplus/(deficit) from income & expenditure account	66	71	(13,635)	-	(13,498)
<i>Other comprehensive income</i>					
Actuarial gain on pension scheme	-	-	25,836	-	25,836
Transfer	-	-	2,967	(2,967)	-
Total comprehensive (expenditure)/ income for the year	66	71	15,168	(2,967)	12,338
Balance 31 July 2018	1,225	1,379	111,316	232,632	346,552

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	Notes	2018/19 £000s	2017/18 £000s
Cash flow from operating activities			
Deficit before tax		(6,930)	(13,137)
Adjustment for non-cash items			
Depreciation and impairment of tangible assets	11	13,205	14,732
Amortisation of intangible assets	10	3,140	2,174
(Increase) in stocks		(54)	(31)
Decrease/(increase) in debtors	16	6,832	(5,255)
(Decrease)/increase in creditors	17	(428)	1,591
Increase/(decrease) in provisions		1,516	(273)
Difference between net pension expense and liability	21	4,290	4,201
Adjustment for investing or financing activities			
Interest receivable	5	(637)	(583)
Interest payable	8	8,414	9,015
Loss on disposal of fixed assets		12	537
Capital grants utilised in the year		(1,830)	(1,746)
Net inflow from operating activities		27,530	11,225
Cash flows from investing activities			
Capital grants received		1,464	1,626
Payments to acquire fixed assets		(42,290)	(36,860)
Other interest received	5	637	583
Withdrawal of deposits	17	16,650	13,791
		(23,539)	(20,860)
Cash flows from financing activities			
Interest paid		(6,706)	(6,828)
Repayments of amounts borrowed		(3,162)	(2,944)
Capital element of finance lease rental payments		(1,348)	(1,291)
(Decrease) in cash in the period		(11,216)	(11,063)
(Decrease) in cash and cash equivalents in the year		(7,225)	(20,698)
Cash and cash equivalents at beginning of the year		63,671	84,369
Cash and cash equivalents at the end of the year		56,446	63,671

NOTES TO THE ACCOUNTS
Year ended 31 July 2019

1 TUITION FEES AND EDUCATION CONTRACTS

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Full-time UK and EU students	95,030	95,030	96,103	96,103
Part-time UK and EU students	5,410	5,410	7,219	7,219
Overseas full-time students	31,884	31,884	26,736	26,736
Overseas part-time students	1,222	1,222	1,369	1,369
Short course fees	2,658	2,658	2,245	2,245
NHS teaching contracts	4,716	4,716	7,678	7,678
	140,920	140,920	141,350	141,350

2 FUNDING COUNCIL GRANTS

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Recurrent grant (including research element)	17,163	17,163	16,236	16,236
OFS specific grants	865	865	1,219	1,219
Education funding agency	504	504	981	981
Deferred capital grants released in year	1,830	1,830	1,746	1,746
	20,362	20,362	20,182	20,182

3 RESEARCH GRANTS AND CONTRACTS

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Research Councils	900	900	1,032	1,032
UK based charities	755	727	396	357
Other research grants and contracts	2,081	1,740	2,997	2,671
	3,736	3,367	4,425	4,060

4 OTHER INCOME

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Residencies and catering	19,070	18,271	18,174	17,418
Income from UK public bodies	850	850	948	948
Course validation fees/teaching contracts	1,714	1,714	1,723	1,723
Other income	3,653	5,161	4,145	5,124
	25,287	25,996	24,990	25,213

5 INVESTMENT INCOME

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Interest receivable	637	589	583	558

6 DONATIONS AND ENDOWMENTS

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Unrestricted donations	727	727	688	688

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

7 STAFF

	2018/19 Consolidated	2018/19 University	2017/18 Consolidated	2017/18 University
	£000s	£000s	£000s	£000s
Staff Costs				
Wages and salaries	82,518	76,420	82,882	76,978
Restructuring costs	3,268	3,230	3,240	3,180
Social security costs	8,824	8,325	9,016	8,521
Movement on USS pension	1,515	1,515	(297)	(297)
Other pension costs	18,398	18,410	20,171	19,949
	<u>114,523</u>	<u>107,900</u>	<u>115,012</u>	<u>108,331</u>

Vice-Chancellor

2018/19 £000s	2017/18 £000s
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The emoluments of the Vice-Chancellor serving during the year was as follows:

Basic salary	265	260
Performance-related pay and other bonuses	-	-
Salary sacrifice arrangements	-	-
Compensation for loss of office	-	-
Other benefits	-	-
Total before pension costs	<u>265</u>	<u>260</u>
Pension contributions and payments in lieu of pension contributions	<u>49</u>	<u>47</u>
Total after pension costs	<u>314</u>	<u>307</u>

Justification of VCs salary

The University context

Kingston University is a modern University based in London operating across four campuses. It has recruited over 15,000 students including just under 2,000 international students from over 140 countries. The academic provision is provided by four faculties including; Science Engineering and Computing, Business and Social Sciences, the Kingston School of Art, and Health, Social Care and Education. The total income for the university was over £191m for the year and therefore the University is a large, broadly based complex organisation working in an increasingly competitive environment.

University reputation

Our progress in transforming the academic performance and reputation of the University is confirmed by an uplift in its league table performance. The University maintained a strong position in the 2020 Guardian University Guide league tables by climbing ten places, coming in at 48th position; Kingston is therefore a top 50 UK institution. The design and crafts area has been named top in the UK and three further subject areas were ranked in the top 10 nationally, with Sports Science and Fashion leading the listings for London.

The University's performance was equally strong in the National Student Survey (NSS) results, with the overall satisfaction rate increasing by 1.7% to 82.3%; this bucking the average sector trend. It achieved 100% student satisfaction in six course groups (journalism, learning disability nursing, information systems, mathematics, sports science and nutrition). There were notable improvements from 2017/18 in teaching on my course (0.8% increase to 81.3%), assessment and feedback (1.1% increase to 73.7%), and academic support (4% increase to 79.5%). The University performed well against sector averages in the student voice category with a score of 76.5% and the learning community achieving 78%, a rise of 2.8% and 2.1% respectively.

Process adopted for assessing performance

The Vice-chancellor's salary and performance are annually reviewed in accordance with The Higher Education Senior Staff Remuneration code published by the Committee of University Chairs (CUC).

The Vice-Chancellor is set objectives by the Chair of the Board, which are shared with the Remuneration Committee. The Vice-Chancellor's pay is determined by the Remuneration Committee after considering:

- the Chair's report on performance;
- detailed salary benchmarking data against similar sized new universities;
- the rate of increase of the average remuneration of all other staff.

The Vice-chancellor is appraised by the Chair against his objectives and the organisational performance.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

7 STAFF (continued)

Higher paid employees (including Vice Chancellor)

	2018/19 No.	2017/18 No.
£265,001 - £270,000	1	-
£260,001 - £265,000	-	1
£170,001 - £175,000	-	1
£145,001 - £150,000	2	1
£140,001 - £145,000	-	1
£130,001 - £135,000	1	-
£125,001 - £130,000	2	1
£120,001 - £125,000	2	1
£115,001 - £120,000	1	1
£110,001 - £115,000	1	3
£100,001 - £105,000	1	2

Compensation for loss of office:

	£000s	£000s
Staff costs include compensation payable to 147 employees (2018:94)	3,268	3,240

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

	2018/19 Consolidated No.	2018/19 University No.	2017/18 Consolidated No.	2017/18 University No.
Executive, senior and academic staff	784	784	811	811
Research, language and teaching assistants	43	43	56	56
General and professional staff	1,085	868	1,169	957
	1,912	1,695	2,036	1,824

Pay ratios

	2018/19	2017/18
Basic salary ratio	6.5	6.5
Total remuneration ratio	6.5	6.5

The basic salary ratio is calculated as the ratio of the Vice Chancellor's basic salary to the median basic salary (excluding agency and contractor costs) for all staff, expressed as full-time equivalent. The remuneration ratio is calculated as the ratio of the Vice Chancellor's total remuneration to the median total remuneration (excluding agency and contractor costs) for all staff, expressed as full-time equivalent.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. For Kingston University this is deemed to be the Board of Governors, and the University's Senior Management Team. Staff costs include compensation paid to key personnel.

	2018/19 £000s	2017/18 £000s
Key management personnel costs	3,016	2,956

The total sum of £8,375 (2018:£1,925) was claimed as expenses by five (2018: four) members of the Board of Governors during 2018/19. 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 2019

8 INTEREST PAYABLE

	2018/19 Consolidated £000s	2018/19 University £000s	2017/18 Consolidated £000s	2017/18 University £000s
On loans payable wholly or partly in more than 5 years	3,025	3,025	3,202	3,202
On service concession arrangement	3,012	3,012	2,967	2,967
On finance leases	668	668	658	658
	6,705	6,705	6,827	6,827
Net interest on net defined benefit liability	1,709	1,630	2,188	2,086
	8,414	8,335	9,015	8,913

9 ANALYSIS OF TOTAL EXPENDITURE BY CATEGORY

	2018/19 Consolidated £000s	2018/19 University £000s	2017/18 Consolidated £000s	2017/18 University £000s
Academic and related expenditure	106,827	106,827	109,534	109,534
Administration and central services	34,559	34,559	34,882	36,299
Premises (including service concession cost)	25,364	25,833	23,246	21,764
Residences, catering and conferences	15,275	15,773	19,346	20,821
Research grants and contracts	3,688	3,688	4,105	4,105
Other expenses	12,903	13,606	13,705	13,341
	198,616	200,286	204,818	205,864
Other operating expenses include:				
External auditors remuneration - audit services	84	69	83	68
External auditors remuneration - non-audit services	12	12	11	11
Operating lease rentals:				
Land and buildings	1,838	1,838	1,815	1,815

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

10 INTANGIBLE ASSETS

CONSOLIDATED & UNIVERSITY

Software

2018/19 Consolidated £000s

Cost

Balance as at 31 July 2018	17,916
Additions	2,242
Disposals	(11)
Transfer	(486)

Balance as at 31 July 2019 19,661

Amortisation

Balance as at 31 July 2018	4,500
Amortisation	3,140
Disposals	(7)

Balance as at 31 July 2019 7,633

Net Book Value

Balance as at 31 July 2019 12,028

Balance as at 31 July 2018 13,416

11 TANGIBLE ASSETS

CONSOLIDATED & UNIVERSITY

Cost or Valuation	Freehold Land £000s	Freehold Buildings £000s	Service Concession Arrangement Land & Buildings £000s	Plant, Machinery, Equipment £000s	Assets Under Construction Total £000s	Heritage Assets Total £000s	Investment property (Note 12) £000s	Total £000s
Balance as at 31 July 2018								
Cost	138,780	239,285	7,668	32,579	45,305	2,348	5,539	471,504
Additions	-	1,783	-	1,978	36,187	-	-	39,948
Disposals	-	-	-	(117)	-	-	-	(117)
Transfer	-	(612)	-	570	528	-	-	486
Balance as at 31 July 2019	138,780	240,456	7,668	35,010	82,020	2,348	5,539	511,821

Consisting of valuation:

Pre 1 August 1996	32,874	37,875	-	-	-	-	-	70,749
31 July 2014	105,906	84,129	5,180	-	-	837	-	196,052
Cost	-	118,452	2,488	35,010	82,020	1,511	5,539	245,020
	138,780	240,456	7,668	35,010	82,020	2,348	5,539	511,821

Depreciation

Balance as at 31 July 2018	-	27,938	613	21,113	34	350	-	50,048
Charge in year	-	7,270	154	5,238	4	-	-	12,666
Impairment	-	-	-	-	-	-	539	539
Disposals	-	-	-	(113)	-	-	-	(113)
Balance as at 31 July 2019	-	35,208	767	26,238	38	350	539	63,140

Net Book Value

Balance as at 31 July 2019	138,780	205,248	6,901	8,772	81,982	1,998	5,000	448,681
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Balance as at 31 July 2018	138,780	211,347	7,055	11,466	45,271	1,998	5,539	421,456
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Reconciliation of net book value to historic cost method

Net Book Value	Balance as at 31 July 2019	448,681
Revaluation reserve		229,667
Historic cost NBV	Balance as at 31 July 2019	219,014

The cost and depreciation of freehold buildings was restated in prior years with no resulting change in opening net book value.

The Heritage Assets comprise Dorich House Museum which is located on Kingston Hill. This is a fully accredited museum which is open to the public and holds an extensive collection of Dora Gordines paintings. It is the University's intention to preserve this collection and to be a specialist cultural resource.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

12 INVESTMENT PROPERTY

The University investment property was acquired on 18 April 2017 and the fair value is measured as the purchase price less impairment, which is reflective of its current market value.

13 SERVICE CONCESSION ARRANGEMENTS

The University has one service concession arrangement which is recognised on the Balance Sheet where service delivery has commenced.

In May 2002 Kingston University entered into a contract with Grosvenor for the construction of halls of residence at Clayhill. Payments made into the arrangement, are linked to RPI. The numbers below are based on estimates. Unitary payments of £2,195,000 inflate by RPI over the 35 years of the arrangement.

The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

Service commenced in November 2003 and the contract will finish in November 2038, at which point the building reverts to the University.

Movement in service concession arrangement assets

The net book value of the service concession included in the Balance Sheet as at 31 July 2019 is £6,901,200 (2018 £7,054,560). The movement in depreciation in the year is £153,360 (2018: £153,360).

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2019 were £20,403,099 (2018 £20,098,901). The value of the movement in liability for 2018/19 was £304,197.

Future commitments

The following table analyses the University's future commitments in relation to service concession arrangements.

	Payable in 1 year £000s	Payable in 2-5 years £000s	Payable after 5 years £000s	Total £000s
Liability repayments	(268)	(541)	21,212	20,403
Finance charge	3,063	12,582	34,140	49,785
Service charge	727	3,137	14,418	18,282
	<u>3,522</u>	<u>15,178</u>	<u>69,770</u>	<u>88,470</u>

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

14 INVESTMENT IN JOINT VENTURE

The University has a jointly controlled operation with St Georges Hospital Medical School for the provision of Healthcare education. Under the terms of the agreement, assets and liabilities are shared equally, income and expenditure is apportioned in relation to the award granted to each institution. The amounts included within the financial statements from the jointly controlled operation are:

	Year ended 31 July 2019		Year ended 31 July 2018	
	£000s	£000s	£000s	£000s
Income and expenditure account				
Income		16,100		17,506
Surplus		2,164		2,448
Balance sheet				
Fixed assets	984		960	
Current assets	3,961		5,748	
		4,945		6,708
Creditors: amounts due within one year	(1,534)		(3,710)	
Creditors: amounts due after more than one year	-		-	
		(1,534)		(3,710)
Share of net assets		3,411		2,998

15 INVESTMENTS

	Shares in Subsidiary Undertakings £000s	Other Investments £000s	Total £000s
CONSOLIDATED			
At 1 August 2018		115	115
Additions in year		20	20
At 31 July 2019		135	135
UNIVERSITY			
At 1 August 2018	6,101	115	6,216
Additions in year	-	20	20
At 31 July 2019	6,101	135	6,236

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

Subsidiary	Percentage Owned	Country of incorporation	Main Business
Kingston University Enterprises Limited	100%	England and Wales	Trading and consultancy
Kingston University Campus Enterprises Limited	100%	England and Wales	Vacation letting
Kingston University Service Company Limited	100%	England and Wales	Management of residences and property services

The registered office of Kingston University Enterprises Limited is Hind Court, 106-114 London Road, Kingston Upon Thames, Surrey, KT2 6TN. The registered office of Kingston University Campus Enterprises Limited and Kingston University Service Company Limited is Kings' Stone House, 12 High Street, Kingston Upon Thames, Surrey, KT1 1HD.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

16 DEBTORS

	Consolidated	University	Consolidated	University
	2018/19	2018/19	2017/18	2017/18
	£000s	£000s	£000s	£000s
Amounts falling due within one year:				
Trade and student receivables	4,886	4,759	12,419	11,888
Amounts owed by subsidiary undertakings	-	-	-	965
Accrued income	1,617	1,596	2,863	2,689
Other debtors	62	56	33	29
Prepayments	6,754	6,491	5,605	5,575
	<u>13,319</u>	<u>12,902</u>	<u>20,920</u>	<u>21,146</u>
Amounts falling due after more than one year:				
Other debtors (recoverable pension asset)	2,837	2,837	2,068	2,068
	<u>2,837</u>	<u>2,837</u>	<u>2,068</u>	<u>2,068</u>
	<u>16,156</u>	<u>15,739</u>	<u>22,988</u>	<u>23,214</u>

17 CURRENT ASSET INVESTMENTS

	Consolidated	University	Consolidated	University
	2018/19	2018/19	2017/18	2017/18
	£000s	£000s	£000s	£000s
Term deposits	11,138	11,138	27,788	27,788

These are cash deposits with a term exceeding 95 days.

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

	Consolidated	University	Consolidated	University
	2018/19	2018/19	2017/18	2017/18
	£000s	£000s	£000s	£000s
Obligations under finance leases (note 20)	812	812	1,346	1,346
Bank loans (note 20)	3,390	3,390	3,162	3,162
Trade creditors	5,318	5,186	3,531	3,392
Amounts owed to subsidiary undertakings	-	38	-	15
Other creditors including tax and social security	12,120	11,921	12,575	12,087
Accruals	13,695	13,324	16,042	15,663
Tuition fees in advance	1,936	1,936	2,109	2,109
Deferred income	5,123	5,049	4,745	4,482
Deferred capital grants	1,718	1,718	1,663	1,663
	<u>44,112</u>	<u>43,374</u>	<u>45,173</u>	<u>43,919</u>

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

	Consolidated	University	Consolidated	University
	2018/19	2018/19	2017/18	2017/18
	£000s	£000s	£000s	£000s
Deferred grant income	1,043	1,043	673	673

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

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

Consolidated	University	Consolidated	University
2018/19	2018/19	2017/18	2017/18
£000s	£000s	£000s	£000s
Obligations under finance leases (note 20)	1,857	1,857	2,669
Service concession arrangements (note 13)	20,403	20,403	20,099
Bank loans (note 20)	62,985	62,985	66,375
Deferred capital grants	11,920	11,920	12,342
Other loans	326	326	326
	97,491	97,491	101,811

20 BANK LOANS & FINANCE LEASES

Consolidated	University	Consolidated	University
2018/19	2018/19	2017/18	2017/18
£000s	£000s	£000s	£000s
Due within one year or on demand	3,390	3,390	3,162
Due between one and two years	2,046	2,046	3,390
Due between two and five years	3,345	3,345	5,391
Due in five years or more	57,594	57,594	57,594
Due after more than one year	62,985	62,985	66,375
Total secured and unsecured loans	66,375	66,375	69,537

Obligations under Finance Leases

Due within one year or on demand	1,201	1,201	2,014	2,014
Due between one and two years	1,217	1,217	1,201	1,201
Due between two and five years	1,258	1,258	2,475	2,475
Due in five years or more	-	-	-	-
Due after more than one year	2,475	2,475	3,676	3,676
Total obligations under finance leases	3,676	3,676	5,690	5,690
Less finance charges allocated to future periods	(1,007)	(1,007)	(1,675)	(1,675)
	2,669	2,669	4,015	4,015

Analysis of terms of repayment and rates of interest

Lender	Original 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%
Barclays	£17m term loan	20/12/2005	30/09/2020	5.57%
Barclays	£35m term loan	31/07/2008	31/07/2031	6.09%
Barclays	£40m term loan	31/07/2015	31/07/2030	3.31%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

21 PROVISIONS FOR LIABILITIES

Consolidated

	Pension Provision		Obligations to fund deficit on pension	Total Pensions Provisions
	LGPS £000s	LPFA £000s	USS £000s	£000s
At 1 August 2018	54,962	3,274	1,007	59,243
Charged to statement of comprehensive income	6,568	(568)	1,515	7,515
Actuarial loss	18,857	652	-	19,509
At 31 July 2019	80,387	3,358	2,522	86,267

University

	Pension Provision		Obligations to fund deficit on pension	Total Pensions Provisions
	LGPS £000s	LPFA £000s	USS £000s	£000s
At 1 August 2018	54,962	-	1,007	55,969
Charged to statement of comprehensive income	6,568	-	1,515	8,083
Actuarial loss	18,857	-	-	18,857
At 31 July 2019	80,387	-	2,522	82,909

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 29.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £83.1 million to £248.4 million. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs/gains. More details on the 2017 actuarial valuation are set out in note 29.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 29.

The major assumptions used to calculate the obligation are:

Discount rate	1.30%
Salary inflation	3.00%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

22 FINANCIAL INSTRUMENTS

Consolidated	University	Consolidated	University
2018/19	2018/19	2017/18	2017/18
£000s	£000s	£000s	£000s

Financial instruments may be analysed as follows:

Financial liabilities

Financial liabilities measured at amortised cost	66,375	66,375	69,537	69,537
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23 ENDOWMENT & RESTRICTED RESERVES

2018/19	2017/18
£000s	£000s
Heritage assets	1,175
Cash	1,434
	2,609
	2,604

24 OPERATING LEASE COMMITMENTS

2018/19	2017/18
Land and Buildings	Land and Buildings
£000s	£000s
Total rentals payable under operating leases:	
Payable during the year	2,035
Future minimum lease payments due	
Not later than 1 year	1,883
Later than 1 year and not later than 5 years	4,747
Later than 5 years	15,659
	22,289
	24,081
	24,324
	25,983

The prior year figures have been restated to reflect the correct VAT status of one of the University's leases resulting in total operating lease commitments reducing by £4.2m from £30.2m to £26.0m.

25 CAPITAL COMMITMENTS - CONSOLIDATED & UNIVERSITY

2018/19	2017/18
£000s	£000s
Capital expenditure contracted that has not been provided for in the financial statements	9,310
Capital expenditure that has been authorised by the Governing Body but not yet contracted	12,424
	21,734
	76,621

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

26 OTHER FUNDING

The University received additional funds from the funding councils (OFS and Teaching Regulation Agency (TRA)) which it holds and distributes to either students or other educational partners.

	GTP	TRA	Nursery
	£000s	bursaries	Placement
	£000s	£000s	Bursary
	£000s	£000s	£000s
Balance as at 1 August 2018	200	46	8
Income	-	861	266
Amounts repaid	-	(46)	(20)
Amounts disbursed	-	(823)	(252)
Balance as at 31 July 2019	200	38	2

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

27 RELATED PARTY TRANSACTIONS

Board of Governors

During the year grants of £1,035k were paid to Kingston University Students Union, an organisation in which Kamal Mohamed, a member of the Kingston University Governing Body, was a Sabbatical Officer. In the prior year Alayna Zangie held this position when total grants of £941k were paid.

Stephen Spier and Professor Jenny Higham, both members of the Kingston University Governing Body, are also Principals of St. Georges Hospital Medical School to which payments of £516k (2018: £513k) were made during the year in relation to franchised arrangements.

Senior Management Team

The University holds a 5% interest in the Kingston Theatre LLP.

Payments in respect of services provided to the University were made to the Kingston Theatre Trust of £380k (2018: £380k), an organisation in which the Deputy Vice-Chancellor is a trustee.

28 EVENTS AFTER THE REPORTING PERIOD

As set out in note 21 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £1,031,486 in the provision for the obligation to fund the deficit on the USS pension which would instead be £1,491,506. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

29 PENSION SCHEMES

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). These are defined benefit schemes. The TPS is a national scheme for which it is not possible to identify the University's share of underlying assets and liabilities.

On 28 February 2019 the participation of KUSCO, a wholly-owned subsidiary, in the London Pension Fund Authority (LPFA) Pension Scheme ceased. An exit deficit liability of £6.8m was calculated at that date. On 21 October 2019 a Funding Agreement was entered into with the LPFA whereby KUSCO continues to be treated as if it was an admission body in the fund and will repay the deficit repayment amount over a period of 17 years. The deficit repayment amount and the deficit repayment period will be reassessed following each triennial review of the pension scheme. The next triennial valuation will be as at 31 March 2019. The repayment for the year ended 31 July 2020 will be £367k. Under the agreement, the parent entity, Kingston University, has provided the following assets as security for this liability:

- Princess Mews, Horace Road, Kingston upon Thames, KT1 2SL
- River House, 53-57 Hight Street, Kingston upon Thames, KT1 1LQ

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

29 PENSION SCHEMES (continued)

Pension charges for the year (covering all schemes):

	2018/19 £000s
TPS: contributions paid	6,323
USS: contributions paid	2,034
LGPS	11,691
LPFA	(331)
Legal & General	196
Total pension cost	<u>19,913</u>

(i) The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the Consolidated Statement of Comprehensive Income is £2,034,000 (2018: £307,000).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

Since the institution cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth 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. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The current life expectancies on retirement at age 65 are:	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

The funding position of the scheme has since been updated on an FRS 102 basis:	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total Scheme liabilities	£79.2bn	£72.0bn
FRS 102 total Scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.11%	2.02%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

29 PENSION SCHEMES (continued)

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2017 <u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
<u>Future improvements to mortality:</u>	CMI 2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £83.1 million to £248.4 million as set out in note 21. £165.1 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 7 in respect of significant one-off pension costs/gains.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £1,491,506, a decrease of £1,031,486 from the current year end provision and a lower face of the Statement of Comprehensive Income of £1,031,486.

(ii) Local Government Pension Scheme (LGPS)

Retirement Benefits Disclosure for the accounting period ending 31 July 2019
Kingston University Pension Scheme

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 as at 31 July 2019. The date of the last triennial valuation was 31 March 2016.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2019	At 31 July 2018
	%pa	%pa
Rate of increase in salaries	2.8	2.8
Rate of increase of pensions	2.4	2.4
Discount rate	2.1	2.8

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

29 PENSION SCHEMES (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

Pensioner	Males	Females
Current pensioners	21.6 years	23.8 years
Future pensioners	22.6 years	25.2 years

Reconciliation of movement in the fair value of plan assets

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Opening position	244,548	220,331
Interest on plan assets	6,886	6,014
Plan participants' contributions	2,233	2,337
Employer contributions	7,720	9,190
Contributions in respect of unfunded benefits	2	2
Benefits paid	(6,810)	(6,369)
Unfunded benefits paid	(2)	(2)
Return on assets excluding amounts included in net interest	14,455	13,045
Closing position	269,032	244,548

Reconciliation of the present value of the defined benefit obligation

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Opening position	299,510	294,381
Current service cost	11,459	12,749
Past service cost (including curtailments)	1,223	1,130
Interest cost on defined benefit obligation	8,493	8,075
Plan participants contributions	2,233	2,337
Benefits paid	(6,810)	(6,369)
Unfunded benefits paid	(2)	(2)
Changes in demographic assumptions	(18,197)	-
Change in financial assumptions	51,508	(12,791)
Other experience	1	-
Closing position	349,418	299,510

Total cost of amounts in Statement of Comprehensive Income as an expense

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Service cost		
- Current service cost	(11,459)	(12,749)
- Past service cost	(1,223)	(1,130)
Total service cost	(12,682)	(13,879)
Net interest		
- Interest income on plan assets	6,886	6,014
- Interest cost on defined benefit obligation	(8,493)	(8,075)
Total net interest	(1,607)	(2,061)
Total defined benefit cost recognised in profit or (loss)	(14,289)	(15,940)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

29 PENSION SCHEMES (continued)

Remeasurements

- Change in demographic assumptions
- Change in financial assumptions
- Other experience
- Return on assets excluding amounts included in net interest
Total remeasurements recognised in Other Comprehensive Income

At 31 July	At 31 July
2019	2018
£000s	£000s
18,197	-
(51,508)	12,791
(1)	-
14,455	13,045
(18,857)	25,836

Scheme assets and expected rate of return for LGPS

The total returns on the Fund in market value terms for the year to 31 July 2019 is estimated to be 7.7%. The actual returns for this period were 8.7%.

The estimated split of assets as at 31 July 2019 is as shown below:

Equities
Bonds
Property
Cash
Total

At 31 July	At 31 July
2019	2018
73%	73%
16%	20%
5%	5%
6%	2%
100%	100%

(iii) London Pension Fund Authority (LPFA) Pension Scheme

Retirement Benefits Disclosure for the accounting period ending 31 July 2019

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 Waddingham as at 31 July 2019. The date of the last triennial valuation was 31 March 2016.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

Rate of increase in salaries
Rate of increase of pensions
Discount rate

At 31 July	At 31 July
2019	2018
%pa	%pa
2.60	2.45
2.25	2.10
2.05	2.70

The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

Retiring today
Retiring in 20 years

Males	Females
20.4 years	23.4 years
21.8 years	25.0 years

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2019

29 PENSION SCHEMES (continued)

Scheme assets and expected rate of return for LPFA

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2019 is estimated to be 10%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for KUSCO (Kingston University Service Company Ltd) as at 31 July 2019 is as follows:

	At 31 July	
	2019	
	£000s	%
Equities	5,165	54%
Target return portfolio	2,408	26%
Infrastructure	543	6%
Property	864	9%
Cash	500	5%
Total	9,480	100%

Reconciliation of the opening & closing balances of the present value of the defined benefit obligation

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Opening defined benefit obligation	12,046	12,365
Current service cost	27	64
Interest cost	314	316
Change in financial assumptions	1,476	(188)
Change in demographic assumptions	(244)	(58)
Experience loss/(gain) on defined benefit obligation	45	-
Estimated benefits paid net of transfers in	(833)	(469)
Contributions by scheme participants and other employers	7	16
Closing defined benefit obligation	12,838	12,046

Analysis of movement in the fair value of scheme assets

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Opening fair value of Fund assets	8,772	8,199
Interest on assets	235	214
Return on assets less interest	625	286
Administrative expenses	(11)	(11)
Contributions by employer including unfunded	685	537
Contributions by scheme participants and other employers	7	16
Estimated benefits paid plus unfunded net of transfers in	(833)	(469)
Closing fair value of Fund assets	9,480	8,772

Total cost of amounts in Statement of Comprehensive Income as an expense

	At 31 July	At 31 July
	2019	2018
	£000s	£000s
Service cost	27	64
Net interest on the defined liability	79	102
Administrative expenses	11	11
Total costs	117	177
Remeasurements		
- Return on Fund assets in excess of interest	625	286
- Change in financial assumptions	(1,476)	188
- Change in demographic assumptions	244	58
- Experience (loss)/gain on defined benefit obligation	(45)	-
Total remeasurements recognised in Other Comprehensive Income	(652)	532