

**Kingston
University**
London

Strategic Review and Financial Statements 2021/22

Town House, Penrhyn Road

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Mill Street Building, Knights Park

Welcome

It has been a tremendous year for our University, with a welcome full return to campus and many achievements and successes, which concluded with the approval of our Town House Strategy. The building which our strategy is named after, the Town House, secured two internationally renowned architectural awards. It gives physical form to our ambitions for Kingston University and proves we can compete against the best anywhere. The successful launch of our second Future Skills report in the House of Commons, along with very good results in the Research Excellence Framework 2021 are further evidence of the breadth of academic quality and a growing voice.

Our new Town House Strategy will transform our students' education by embedding the Future Skills sought by business and the professions across our curriculum. It will also ensure greater prominence and support to research and knowledge exchange. Finally, it will help create a culture of high performance that is inclusive, innovative, ambitious, and enterprising.

This strategy will ensure that our graduates, our staff, and the University itself are sought after. In other words: student applicants who seek Kingston University because it will help them get into higher education and to get-on in life; staff who choose to work here because they can be effective,

innovative, and develop their careers; and businesses, organisations and government bodies that seek to partner with us for our approach, expertise, and values.

With a series of gains in this year's National Student Survey, we are pleased to see the positive impact of the investments we have made in improving our campuses, infrastructure, and education. The University is upgrading its halls of residence at Seething Wells and Kingston Hill – a project that began in 2020 and is due to finish in 2023. The £55 million refurbishment will provide new, energy-efficient and state-of-the-art bedrooms, as well as enhanced facilities that will transform the experience for students. The extensive refurbishment of the Mill Street Building on the Kingston School of Art campus confirmed our commitment to 'thinking through making' and the student experience. The launch of our pilot agile workspace for staff on the Penrhyn Road campus has been successful. We will continue to innovate and invest in both the student and staff experience to make our campuses inspiring and vibrant places to study and work.

Despite a turbulent environment for English higher education, we are confident that Kingston University will continue its upward trajectory. We have been both bold and careful so that we can invest in Kingston University's future.



Chairman of the
Board of Governors
Francis Small

Vice-Chancellor
Professor Steven Spier

Year in Review

Town House secures two international prizes

In April 2022, Kingston University's Town House building was named winner of the EU Prize for Contemporary Architecture – Mies van der Rohe Award, the highest accolade in European architecture. This placed Town House in illustrious company as one of only three UK projects ever to have won the prestigious European Union prize. This was the first time a university building had won the award and cemented its international status after it carried off the coveted RIBA Stirling Prize for the UK's best new building in October 2021.

Town House opened its doors at the University's Penrhyn Road campus in January 2020. Since then, the building has welcomed the footfall of students, staff, local residents and esteemed guests at numerous events hosted within it. In June 2022, the University Alliance held its Annual Summit there, culminating in an evening ceremony in which two academics from Kingston University were joint winners of University Alliance's Innovation Award.



Images of Town House exterior and interior

@ Ed Reeve

University tops the UK in graduate start-ups

This year, Kingston University was ranked number one for graduate start-ups out of all UK higher education institutions in the latest Higher Education – Business and Community Interaction (HE-BCI) survey. The survey, which gathers data on UK universities' engagement in the economy and knowledge exchange, found that the University supported close to 300 graduate start-ups in the year 2020-21, placing it in the top spot ahead of the Royal College of Art. Long held in high regard for its expertise in enterprise education, Kingston University is consistently ranked as having one of the highest number of graduate start-ups in the UK – a position it has maintained for the past decade.

University ranked in top ten UK institutions for social mobility

Kingston University was also ranked in the top 10 universities in the UK for social mobility in a report produced by the Institute for Fiscal Studies in partnership with the Sutton Trust and the Department for Education. The report ranks the nation's universities in terms of their social mobility contributions, based on the number of students from low-income backgrounds and whether those students moved up to the top of the income ladder.

Kingston University – which was shortlisted in the University of the Year category at the 2019 Social Mobility Awards and named University of the Year by NEON (National Education Opportunities Network) in both 2016 and 2017 – was ranked number 10 in the UK, reflecting its ongoing work across the student lifecycle to advance equality of opportunity and outcomes in higher education.

Future Skills

Following its launch in June 2021, the next phase of our Future Skills campaign was marked with a parliamentary event at the House of Commons in June 2022. Business leaders, MPs, policymakers and local stakeholders joined students and staff from the University to hear our proposals for tackling the country's skills shortage in our second Future Skills report.

This year's report, which surveyed businesses and students on the skill set most important to future careers and the economy, set out a framework for how businesses, government and higher education should come together to deliver the workforce needed to keep the UK globally competitive.

The keynote address at the Westminster launch was delivered by Alex Burghart, Minister for Skills. Michelle Donelan, Minister for Higher and Further Education, and Paul Scully, Minister for London and Minister for Small Business, also joined the event for part of the evening.

Alongside colleagues from across the University, guests from the Royal Borough of Kingston and other local organisations were joined by parliamentarians from across the political spectrum, including Baroness Verma (Conservative), Lord Bassam (Labour), Lord Clement Jones (Lib Dem) and Baron Watson (Labour) along with MPs including the leader of the Liberal Democrats Sir Ed Davey, Fleur Anderson and Chris Skidmore, former University Minister and Co-Chair of the All-Party Parliamentary University Group.

Also welcoming the new report were many of the businesses we engaged with in producing it. Those in attendance had the opportunity to discuss the report's findings and talk to professional and academic staff from across the University, alongside some of the students who featured in the report.



Businesses who responded to the survey said the most pressing challenges they believed the UK workforce faced during the next two decades included:

- a lack of 'future-proofed' skills – 46 per cent of respondents
- a lack of adoption of lifelong learning – 41 per cent
- keeping up with digital capability – 37 per cent.

The survey results also highlighted the areas industry felt should be prioritised by the government:

- investing in a workforce that is both skilled and adaptable – 57 per cent
- developing the UK's social infrastructure – 57 per cent
- investment in research and development and innovation – 51 per cent.



© Peter Langdown

Education

Kingston University builds on success in university league tables

Kingston maintained its position as one of the top 50 institutions in the country for the third year in a row in the 2022 Guardian University Guide, one of only eight London institutions.

It topped the ranking in London for fashion and textiles and nursing and midwifery, and was placed second in the capital for architecture, social work, film production and photography, and design and crafts.

The University has risen for the fifth consecutive year in the Times/Sunday Times Good University Guide, jumping three places to #101 in the 2022 edition of the table.

Kingston University achieved its highest rank in the Complete University Guide 2022, with a rise of seven places and now positioned at 78 out of 130 institutions across the UK.

NSS 2022: Student satisfaction rises as Kingston closes gaps on the sector

This year's National Student Survey (NSS) results show Kingston University has seen greater improvements in student satisfaction than the sector across seven of the ten themes.

The University's 'Overall Satisfaction' score rose (to 74.5 per cent) at a faster rate than the sector benchmark (1.6 percentage points (pp) compared to 0.9pp); and remains above post-92 London universities by 3pp.

This year, the University saw the biggest jump in 'Learning Resources' with a 9.8pp increase in satisfaction to 80.2 per cent, which exceeds the sector's 7.3pp rise. These post-pandemic results are the first to be released after students have had a full academic year's access to world-class learning resources on campus, such as our award-winning Town House, which is available to all students, and the refurbished Kingston School of Art's Mill Street building.

For the first time in five years Kingston is above the sector in Academic Support and four other themes remain above the sector including Assessment and Feedback, whilst Student Voice has a 4.3 pp advantage.

University nominations

Kingston University was shortlisted in two categories at the annual National Undergraduate Employability (NUE) Awards, recognising its work to set students up for success once they graduate. The awards, run by RateMyPlacement.co.uk, celebrate the achievements of employers, agencies, students and universities in undergraduate work experience in the UK.

In the first of two nominations, the University's ELEVATE accelerator programme, which aims to help students of Black African or Black Caribbean descent achieve their full potential, was shortlisted for best widening participation initiative. Kingston also vied for top honours in the best collaboration between universities and employers category, for a partnership with Lidl GB that helps develop students' employability skills while also supporting the retailer's early career strategy.



Research and Knowledge Exchange

Seventy per cent of Kingston University's research was rated as world-leading or internationally excellent in the Government's **Research Excellence Framework (REF) 2021**.

The results represent a 10 per cent increase in the percentage of Kingston's world-leading or internationally excellent research from the previous assessment, published in 2014, with the University's overall grade point average rising to 2.9, up from 2.7 in the previous round.

The University rose 13 places to 71st in the research power tables published by Times Higher Education which considers quality of research as well as number of research-active staff, placing 75th in the leading sector publication's overall ranking of institutions.

"The 2021 REF exercise highlights where we are truly world-leading and our potential to build on our research strengths. From helping shape government policy to transforming the lives of people around the globe, our growing reputation in research and knowledge exchange is evidenced in these latest results. This work, alongside the teaching and learning experience on campus that equips our students with the confidence and skills to meet the demands of industry, shows how our community is making a difference across society."

VC Professor Steven Spier

The UK-wide exercise assesses the quality of research at higher education institutions across all disciplines, highlighting the diverse ways research is benefitting society. Each element was given a star rating, comprising 4* for world leading quality, 3* for internationally excellent, 2* for internationally recognised and 1* for nationally recognised.

- Almost a quarter of Kingston's research, 23 per cent, was rated world-leading (4*), compared to 16 per cent in REF 2014, with the University also ranking fifth out of 14 University Alliance institutions in the overall tables.

- Five Units of Assessment saw more than 70 per cent of overall research rated as 4* or 3* – Art and Design, Allied Health, Performing Arts, Computer Science and English. More than half of the submission in Art and Design was rated world leading.

- Four Units of Assessment secured 100 per cent rating of 4* or 3* for their impact – Art and Design, Performing Arts, Education and Psychology. Art and Design also received 100 per cent 4* or 3* rating for environment.

- Six Units of Assessment scored above the sector average for impact – Art and Design, Performing Arts, Politics, Education, Allied Health and Psychology.

- All 11 of the Units of Assessment the University submitted had a majority of 4* or 3* research overall.

This year, the University launched a new academy designed to help academics and doctoral students develop into research leaders. The Kingston RISE Research Leadership Academy gives academic staff and PhD students at the University a chance to advance their research skills and network with their peers.

The **Knowledge Exchange Framework (KEF)** was developed by Research England as a way of assessing how universities benefit society and the economy through the knowledge they create. It evaluates universities across a number of perspectives and positions, each relative to other universities in a benchmark group (cluster).

The 2021 results were the first to emerge from the newly created framework. Kingston University is in the top 30% of its cluster in the Skills, Enterprise and Entrepreneurship principle, demonstrating its commitment to equipping our students and graduates with the knowledge and skills to create new businesses, jobs and wealth. It also stands in the top 50% of its cluster in Working with Business and Research Partnerships.

Sustainability

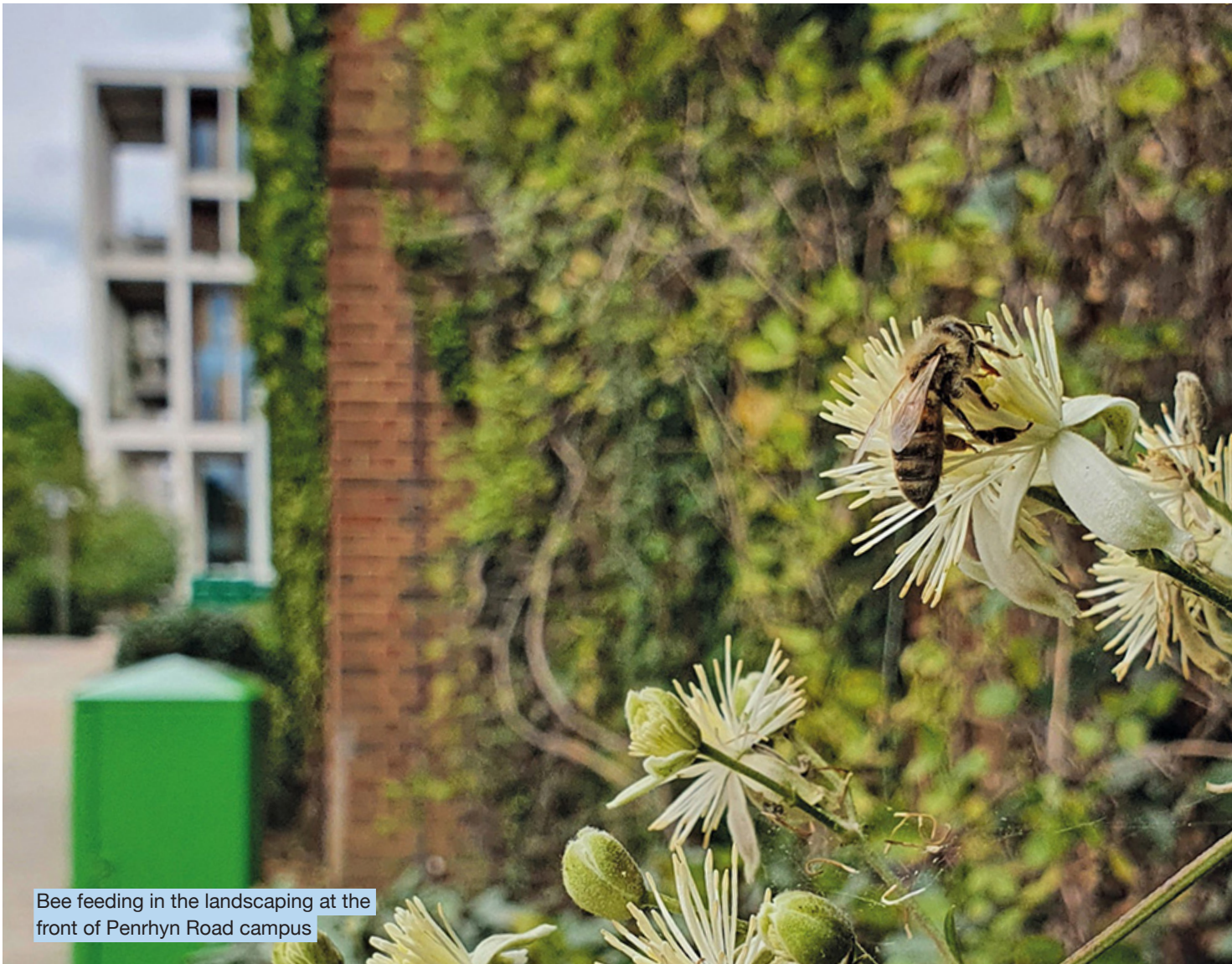
Following the launch of our five-year institutional Sustainability Plan in autumn 2021, we are pleased to report good progress against our plan.

At the start of 2021, the University re-launched its sustainability champion network scheme Green Impact, a United Nations programme designed to support environmentally and socially sustainable practices and behaviours. The programme is voluntary and open to all staff. Nearly 350 colleagues across the University engaged in the programme in 2021 and collectively completed 290 sustainability actions. The University saved an estimated 32,730 kg CO₂ and £6,380, based on analysis from just 10 of these actions.

In partnership with the Union of Kingston Students (UKS), Kingston University is among one of 25 higher education institutions that has achieved a Fairtrade University award. The award recognises a broad range of activities across the University which work towards a more just, equitable

and sustainable world for all. This includes working to raise awareness with students on issues of ethical and sustainable consumption and increasing the availability of Fairtrade products at the University. Achieving Fairtrade University status is one of the many sustainability targets the University has set itself in its Sustainability Plan.

The University has also been accredited as a Living Wage Employer by the Living Wage Foundation which supports our sustainability goals ensuring fair employment through our supply chain. The Foundation directly supports the UN Sustainable Development Goals by ensuring that workers are paid a wage that enables them to meet their needs and those of their families.



Bee feeding in the landscaping at the front of Penrhyn Road campus

Equality, Diversity and Inclusion

In March 2021 the University voluntarily published its gender, ethnicity and disability pay gap report (for the census date of 31st March 2020). This year, our second report drills down deeper into our ethnicity pay gaps to report by individual ethnicity groups, as well as for the Black Asian Minority Ethnic (BAME) population overall.

The University has made very good progress in closing the gender, ethnicity and disability pay gaps since last year, thanks to the efforts of many staff across the organisation, through a multitude of initiatives and ongoing work by groups and networks.

This year, the University secured funding from Advance HE to lead a project exploring how student engagement programmes can help drive inclusive cultural change across the sector.

Kingston University will work with six University Alliance partners to share good practice and discuss engagement programmes they have each developed to support moves towards creating a more inclusive culture within their own institutions. The partnership will lead to the development of a student engagement toolkit and case study materials to support other Advance HE members in their own inclusivity work.



Public benefit statement

Kingston University's legal status is that of a higher education corporation but it is also an exempt charity under the Higher Education and Research Act 2017 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.

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.



Strategic Review Financial Section 2021/22

Financial strategy

The University's financial strategy targets are in place to ensure that the University can achieve its strategic and operational objectives. The University continues to demonstrate a strong liquidity position, with a year-end balance of £135.0m. This allows the University to meet its on-going operational requirements and plan for future investment in its Town House Strategy.

The Strategy defines three key performance measures which are used as mandatory ratios in determining success in achieving the financial strategy:

- Cash generated from operations before exceptional items over a three year rolling period of £18m
- Net liquidity of at least 71 days
- Borrowings not to exceed 30% of net assets excluding pension reserve

The table demonstrates that all of these KPI's have been met for 2021/22.

The overall liquidity position has improved since 2020/21, which is due to cash from operations of £44.2m, this includes an exceptional income receipt of £8.0m which is earmarked to support remedial works for a halls of residence which will be expended in 2022/23. The significant improvement in cash means that the University is in a strong position to support future investment in its infrastructure and Town House Strategy.

	Target	2021/22	2020/21
Cash generated from operations (excluding exceptional items) – 3 yr rolling	18m	24.3	22.4
Net liquidity (days)	>71	227.0	215.9
Borrowings as % net assets excluding pension liabilities	<30%	20.0%	20.6%



Summary of financial performance for the year

The reported operational deficit of £12.0m is stated after pension adjustments totalling £20.8m, therefore there is an underlying surplus of £8.8m, an improvement of £6.2m from the previous year. The University's capital investment for the year was £12.2m and loan/lease repayments amounted to £2.2m. The University has no further obligations under finance leases having made its final settlement in 2021/22.

The total comprehensive income for the year is £143.1m (2020/21: expenditure of £2.0m) stated after including an actuarial gain of £155.1m where last year there was a gain of £8.6m. This significant movement is broadly due to a change in financial assumptions. Although this is a positive actuarial adjustment, there were significant pension adjustments charged to the Statement of Comprehensive Income of £20.8m (as these costs are based on the previous year's financial assumptions).

This overall performance reflects a positive operational result which has included a growth in tuition fees of £16.9m and an increase in income from student halls and catering of £2.4m (2020/21 being disrupted by Covid). Operational costs have increased which has supported student growth and also seen activities such as travel and catering returning to near pre-Covid levels. The University has also accounted for significant costs (£11.5m) associated with remedial works being carried out at one of its halls of residence. This is partially matched by income of £8.0m.

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, Kingston University Enterprises Limited, KU Holding Limited and KU Student Living Limited. The statements also include a 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. As the joint venture has been dissolved from 1st August 2022 these financial statements reflect the actual debtors and creditors that will be settled by the University in 2022/23.

Statement of Comprehensive Income	2021/22 £m	2020/21 £m
Income	219.3	188.8
Expenditure	231.3	200.0
Deficit for the year	(12.0)	(11.2)

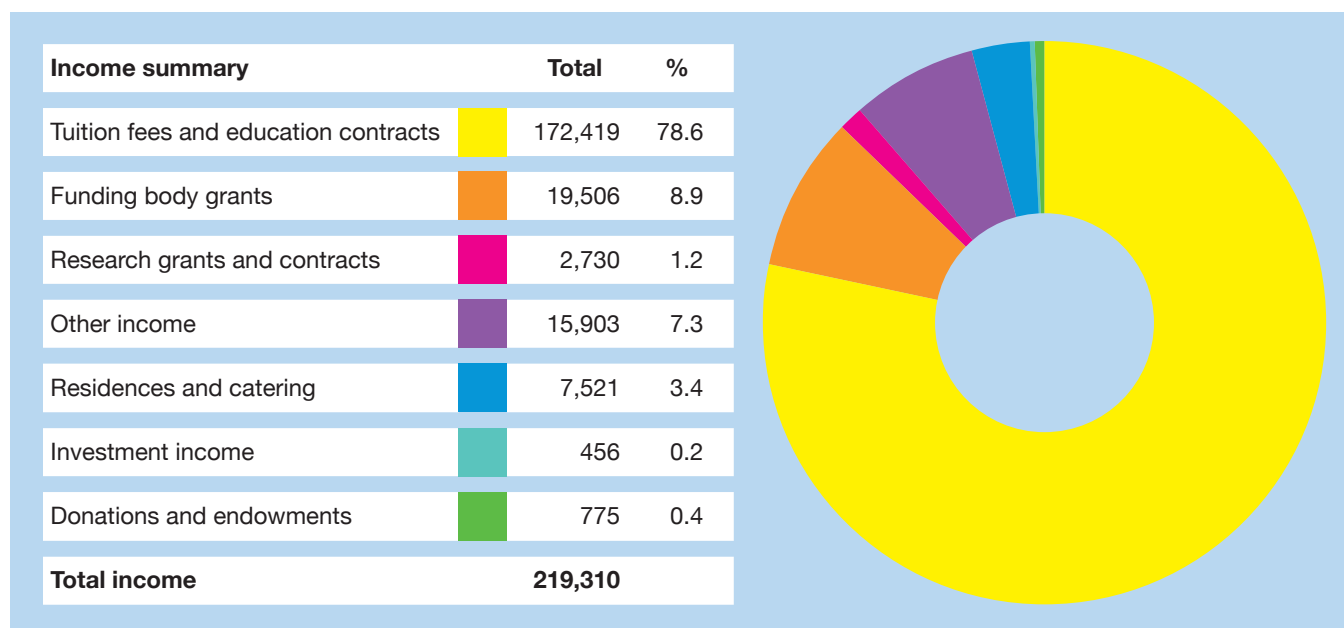
Balance Sheet	£m	£m
Fixed Assets	417.2	419.6
Current Assets	159.8	132.4
Creditors falling due within 1 year	(71.5)	(48.2)
Net current assets	88.3	84.2
Creditors falling due after 1 year	(102.0)	(104.2)
Pension Provision	(1.5)	(140.7)
Net Assets	402.0	258.9

Cash balance (including current asset investments)	135.0	109.2
Cash generated from operating activities	44.2	30.3

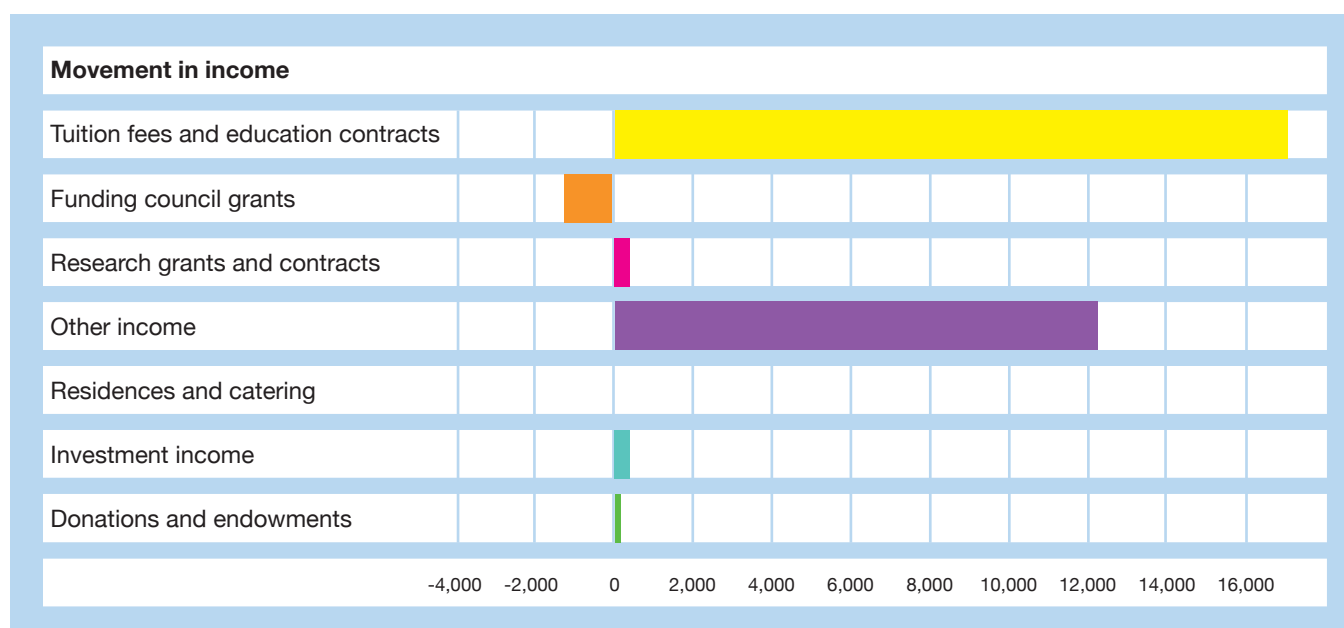


Financial highlights for the year

The total income for 2021/22 is 219.3m of which almost 80% relates to tuition fees. This is largely funded by the Student Loan Company for home students and self-funded for international students. A summary of the income is shown in the chart below:



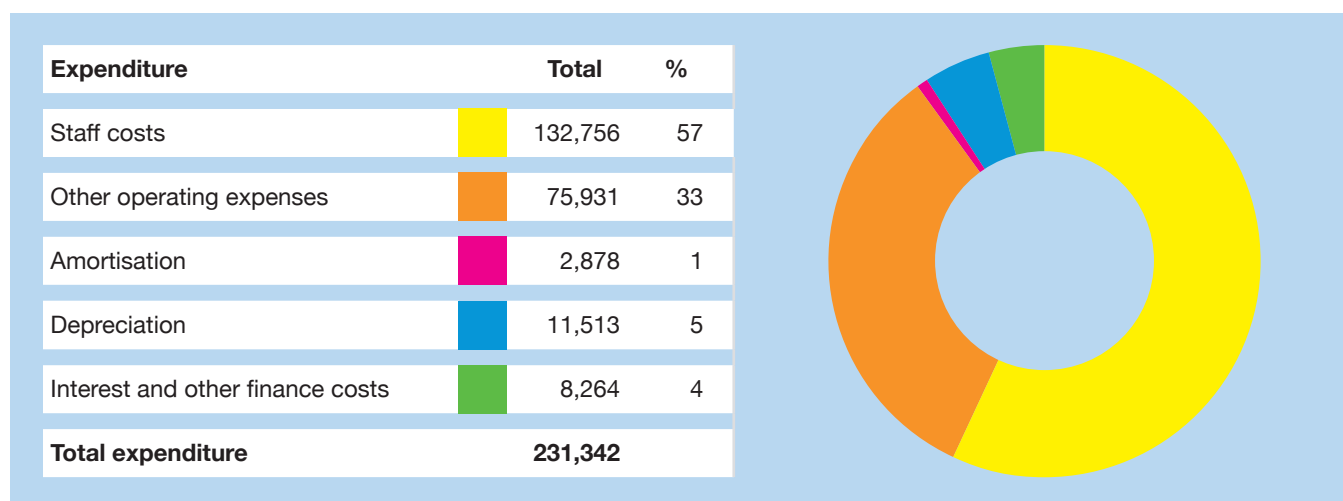
The total income increased by £30.5m from 2020/21 as shown in the chart below:



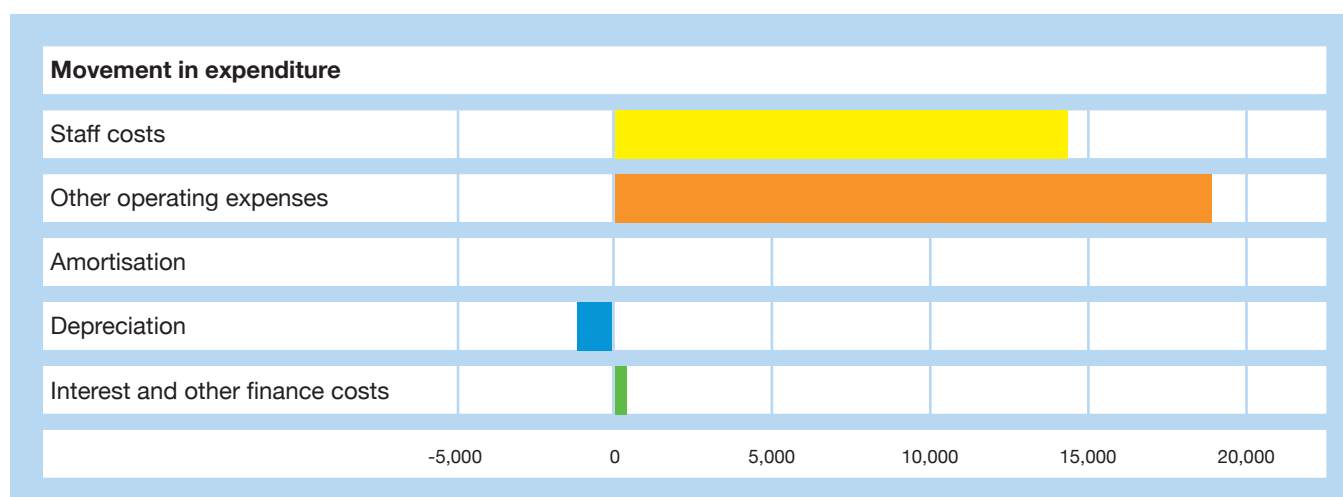
The increase in tuition fees of £16.9m is largely due to the increase in the international market and this is due to continue to increase in 2022/23. The increase in other income of £12.2m is due mainly to a contribution to remedial works at a halls of residence of £8.0m, and an increase in student accommodation and catering income of £2.4m compared to 2020/21 which was disrupted as a result of Covid.

Financial highlights for the year (cont)

Total expenditure of £231.3m is categorised as follows:



Total expenditure increased by £31.3m as shown in the table below:



After adjusting for FRS102 pension adjustments (£10.1m), there is an increase in employee costs of £3.4m. The main contributor to this is the annual pay award and the overall movement in employee numbers.

Other operating expenditure increased by £18.6m due to expenditure of £9.2m relating to remedial works at one of our halls of residence. The University has a constructive obligation to the landlord to undertake these works and the aim is to complete them by September 2023. Other significant increases include payments to overseas agents (£3.6m) which is supported by the increase in international students, catering costs (£2.2m) partially matched by income, travel (£1.0m) returning to pre-Covid level and doubtful debts (£0.8m) compared to a favourable write back in 2020/21.

Capital expenditure

Expenditure on fixed assets totalled £12.2m, which was £6.5m on the estate, including the completion of the refurbishment works at our Sopwith building, the newly created Agile space in Penrhyn Road for support staff and the commencement of the Penrhyn Road ground floor refurbishment. £3.2m was invested in IT equipment and software and £1.2m on academic equipment.

Treasury Management

The cash generated from operating activities totalled £44.2m (2020/21: £30.3m). This positive result includes an improvement in the working capital movements of £23.8m. Of this £23.8m, £6.1m relates to deferred residential income from the outsourcing of our halls in 2019/20, £6.4m relates to the increase in international student deposits and an accrual of £9.2m for the remedial works at our halls of residence.

The year-end cash balance increased by £25.8m to £135.0m. The University has entered into two new money market arrangements in this financial year. Surplus funds are invested with the main UK and European banks on term deposits and with approved money market funds. Interest earned on these deposits amounted to £0.5m in the year at an average rate of 0.4%.

The increase in the cash balance is entirely due to the increase in cash from operations. Total loans outstanding at the year-end include bank loans to Barclays Bank (£59.3m), Clayhill service concession arrangement (£21.1m) and following the final payment in this financial year, we have no further obligations under finance leases.

Future Prospects

The University is committed to the Town House Strategy, which will transform our students' education through the embedding of Future Skills and also ensure an increase in our standing in research and knowledge exchange. The University is looking to ensure that with its significant cash reserves it will appropriately invest in the physical and virtual infrastructure to enhance the student experience whilst equipping them with skills to continue their advancement beyond university life.



Modern Slavery Act 2015

Introduction

The University recognises that modern slavery is a global issue and is committed to playing its part in supporting its eradication. This statement is published in accordance with the Modern Slavery Act 2015 (the Act) and has been approved by the Audit and Risk Assurance Committee through its delegated power from the Board of Governors. It sets out the steps taken by the University to prevent modern slavery and human trafficking in its business and supply chains.

The University is a Living Wage Employer and does not engage in, or condone, the practices of human trafficking, slavery or forced labour.

Business structures

The University is a Higher Education Corporation created by an instrument of government issued in April 1993 by the Privy Council. It is an exempt charity under the Charities Act 2011 and is registered with the Office for Students, the principal regulator for charity law purposes.

The Board of Governors is responsible for the strategic direction of the University. Our Vice-Chancellor has overall operational responsibility, supported by the Senior Leadership Team.

Academic Council is the senior consultative committee for academic matters, responsible for providing assurance to the Board and guidance to the Vice-Chancellor. Academic disciplines are organised into four faculties, led by Deans, divided into schools. There are four professional services directorates which includes a central procurement team based in the Finance, Human Resources and Infrastructure Directorate.

The University has two wholly owned subsidiaries: Kingston University Service Company Ltd (KUSCO) which provides facilities management services; and Kingston University Enterprises Limited which provides consultancy services.

Business structures

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

- Estates and Facilities Management (works, services and goods)
- IT 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. Our membership of Electronics Watch via the LUPC means we can collaborate to minimise the risks of modern slavery.

In the 2021/22 financial year, the University undertook in excess of 14% of the value of our addressable spend through the LUPC and other collaborative agreements available to the public sector.

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 and compliance

Our procurement process for new suppliers submitting UK level tenders, requires 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 that they review and confirm the arrangements they have in place to comply with the Act across their supply chains. All members of the procurement team have received training on use of the tool.

Through our involvement with the LUPC and other organisations, the team share and keep up-to-date with best practice to identify and assess risks within supply chains.

The University and its subsidiaries do not employ unpaid interns. KUSCO pays its employees the London Living Wage. All centrally-tendered contracts reiterate the University's commitment to fair work practices and paying the real living wage in line with the cost of living. We encourage our suppliers to do the same.

Our standard terms and conditions of supply and other template agreements include binding obligations to comply with the Act.

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

Policies

Our Corporate Social Responsibility Policy and Ethics Statement embeds Modern Slavery considerations, alongside other ethical business practices. They reflect our commitment to the highest standards of ethical conduct in all our activities, along with making continuous improvements in this area.

The University Guide to Good Research Practice incorporates reference to the Ethics Statement and Modern Slavery.

Our Procurement Policy has recently been updated further to include consideration of the requirements of the Act.

We encourage the reporting of concerns relating to Modern Slavery and human trafficking. Staff are encouraged to report concerns to their line manager in the first instance. If this is not feasible, or members of the University are unable to do so, concerns should be raised via our Whistleblowing Policy.

Work will continue during 2022/23 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 2021/22 is as follows:

- The percentage of total salary costs spent on facility time totalled 0.1 per cent.
- Of the total facility time spent there was no paid trade union activity incurred.
- The number of employees who acted as trade union officials during the year totalled 22 staff.
- The percentage of their time spent on trade union activity was as follows:

Percentage of time	Number of employees
0% – 50%	22
51% – 99%	0
100%	0



Principal Risks and Uncertainties

The financial environment for Higher Education Institutions remains challenging, bringing with it volatility in a period of significant uncertainty. The University acknowledges the risks and uncertainties inherent within its activities and operations coupled with the exponential pace of change across economic, political, social, technological and global platforms.

Effective risk management is integral to the success of delivering Kingston University's strategic objectives. Kingston University is committed to ensuring the effective management of risk and seeks to limit adverse impacts through its formal risk management programme. One of the primary macro benefits of the formal risk management process adopted by the University is that it fosters consistency and enables the University to systematically identify, assess and seize opportunities as well as implement effective control measures and mitigations at the earliest opportunity.

Kingston University recognises that an effective infrastructure coupled with a mature governance framework, effective data protection mechanisms and the proactive management of risk promotes a robust and resilient culture across the institution that both supports and underpins business critical operations and activities, ensuring preparedness against threats, risks and uncertainties and the ability to embrace opportunities that further strengthen the University's sustainability.

The Risk Control Framework

The University has an established risk management policy and framework in place to effectively identify, assess, record, manage and report on risks as set out below.

Strategic Risk

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

The University's principal risks and uncertainties are detailed within the University's SRR. These are the most significant risks faced by the University that may adversely affect the University's strategy, financial position, performance and/or its future sustainability and are informed by the University's operational risk registers.

Among the principle risks that could directly impact Kingston University's financial sustainability (based upon the level of residual risk after mitigating actions and control measures have been implemented) are those risks and uncertainties arising from external market conditions resulting in failure to meet student recruitment targets, high volumes of legislative and regulatory compliance and the ever-increasing threat from cyber criminality, attacks and activity. 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.

The Higher Education sector continues to remain a very competitive market. Failure to meet student number targets subsequently remains a growing concern across the sector especially following the global pandemic where international travel was significantly impacted and restricted for a prolonged period of time. 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 safeguarding the student experience and graduate outcomes in the new University 'Town House Strategy'. It has further implemented a more systematic metrics driven focus to the quality enhancement of its course portfolio and continues to invest, with a particular focus upon the evolution of its IT provisions, virtual infrastructure and physical learning environments.

Governance and Oversight

Each of the risks recorded on the SRR are owned by a member of the Senior Leadership Team. Each SLT member has responsibility for ensuring that their specific risks are regularly monitored and reviewed. Each strategic risk is subsequently assigned to the most appropriate sub-committee of the Board in order to ensure consistency and additional assurance that the risks are being appropriately recorded, reviewed, updated, and monitored.

The Risk and Business Continuity Committee meets on a termly basis to oversee the effective application of risk management across the University and considers both operational and strategic risks. The outputs of those meetings are then reported on to the SLT and the Audit and Risk Assurance Committee (ARAC) three times a year and to the Board of Governors annually. Kingston City Group (KCG), Kingston University's Internal Auditors audit Kingston University's Risk Management Arrangements annually and provide a report to the Audit and Risk Assurance Committee on the effectiveness of the University's Risk Management Arrangements each academic year.

OF KINGSTON UNIVERSITY FOR THE YEAR ENDED 31 JULY 2022 AND THE PERIOD TO 28 NOVEMBER 2022

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) ongoing conditions of registration. The constitution of the Board and its sub committees (including terms of reference) and the Senior Leadership Team are published on the University website. In this way we demonstrate the transparency over our corporate governance arrangements. 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 2022 and up to the date of approval of the financial statements in accordance 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 to ensure the adequacy over the arrangements for corporate governance, risk management and oversight of statutory and other regulatory responsibilities.

- 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 four times during the year and receives regular reports from the Head of Internal Audit (Managing director of KCG Audit Limited – 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.
- 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.
- k. the Governance Compliance and Legal office monitors the completion for returns required for OFS and other regulatory bodies to ensure adequate oversight. This ensures that the ongoing conditions of registration are maintained.
- l. The University operates Financial Regulations which are reviewed annually by the Audit and Risk Management Committee. These regulations cover financial and management control over the University which have to be followed by all members of staff. The operation of these regulations ensures regularity and propriety in the use of public funding.

Our review of the effectiveness of the system of internal control is informed by our internal auditor, KCG Audit Limited, which operates to standards defined in the OFS Audit Code of Practice. The external auditor has a primary responsibility for auditing the financial statements and providing an audit opinion. In conducting this role the external auditor provides an audit completion statement which is considered by the Audit and Risk Management Committee. This

report includes recommendations to address any weaknesses in the control environment with corrective action taken by management. 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 Higher Education and Research Act 2017, 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 Higher Education and Research Act 2017, applicable law and United Kingdom Generally Accepted Accounting Practice. In addition, within the OFS ongoing conditions of registration, 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 2021/22 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.

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 Higher Education and Research Act 2017;
- 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 auditor is 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 auditor is aware of that information.

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

Ali AL-KINANI	Tenure ended 01/07/22
Pedro BARRA	Appointed 01/09/22
Stephan BUROW	Appointed 23/03/22
Sandra CAMPOPIANO	
Imran CHUGHTAI	Tenure ended 31/08/21
Gill HALL	Tenure ended 01/07/22
Jane HARGREAVES	Appointed 01/09/21
Dirk KAHL	
Roger KING	Appointed 01/09/22
Caroline MAWHOOD	
Peter MAYHEW-SMITH	Tenure ended 01/07/22
Yasmin NOOR	Appointed 14/11/22
Alison OSBORNE	
Bimal PATEL	Appointed 23/03/22
Andrew PEARCE	
Jason PEMBERTON-BILLING	Appointed 01/07/22
Francis SMALL	
Tom SMYTH	
Steven SPIER	
Sarim SYED	Appointed 01/08/21, tenure ended 30/06/22
Katy TAYLOR	Appointed 01/09/22
Mick WILLIAMS	Stood down 01/07/22

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF KINGSTON UNIVERSITY

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2022 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; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Kingston University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise Statement of Comprehensive Income, Balance Sheets, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the Strategic Review and Financial Statements, 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.

Our responsibility is to read the other information 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.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF KINGSTON UNIVERSITY

Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England)

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University's grant and fee income, as disclosed in note 7 to the accounts, has been materially misstated.
- The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 11 to the accounts, has been materially misstated.

Responsibilities of board members

As explained more fully in the board members' responsibilities statement, the board members are 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 members 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 members 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 members 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounts Direction OfS 2019.41 and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF KINGSTON UNIVERSITY

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Discussions with management and Audit Committee, including consideration of known or suspected instances on non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of internal audit's investigations into these matters;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the defined benefit pension liability, provision against student and other debtors and service concession arrangements;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end.

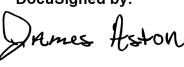
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 UK Research and Innovation (including Research England).

Use of our report

This report is made solely to the 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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James Aston MBE (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

29 November 2022

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 2022

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 2019 and in accordance with Financial Reporting Statements (FRS102) and the OFS Accounts Direction to Higher Education Providers. 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 University as their remuneration is included in the totals for the group as a whole.

Going concern

The Board of Governors has carried out an assessment of the University's ability to continue as a going concern by reviewing financial forecasts to 31 July 2024. Those forecasts are based on the actual recruitment for the 2022/23 academic year. The forecast assumes no further enrolments this year and has been stress tested against a number of reduced income scenarios. Even the most extreme combination of scenarios demonstrates that the University continues to have sufficient cash balances over the forecast period.

A revised banking covenant has been agreed with Barclays for 2022/23 which is forecast to be met with substantial headroom. Based on the review of forecasts the Board of Governors has concluded that the University is a going concern as this analysis reveals no material uncertainty for a period of 12 months from the date of approval by the Board. Therefore, the financial statements are prepared on this basis.

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 Governors 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 recovery plan in existence at the date of approving these financial statements.
- Determine whether the agreements entered into with GH Clayhill Ltd and Kingston Student Living LLP meet 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.
- Determine in relation to the Kingston Student Living LLP agreement three further judgements:
 - The split between the land and buildings. This has been based on an external valuation by Gerald Eve LLP.
 - The calculation of the deferred consideration. This has been based on expected income in the initial phase of the agreement discounted to present value.
 - Post construction period there is a judgement to calculate the future minimum payments recognised yearly. This is based on the rooms that the University has nominated.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2022 (*continued*)

2. Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

Other key sources of estimation uncertainty:

- *Tangible fixed assets (see note 13)*

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 13 and 14)*

The investment property has been recorded in the balance sheet at fair value which is reflective of current market value.

- *Investments (see notes 17)*

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 18)*

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.

- *Defined benefit pension scheme (see note 30)*

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 2022. 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 Union of Kingston Students 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 Statement of Comprehensive Income, 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.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2022 (*continued*)

4. Income recognition (*continued*)

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.

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 four principal defined benefit pension schemes; Local Government Pension Scheme (LGPS), Universities Superannuation Scheme (USS), Teachers Pension Scheme (TPS) and The London Pension Fund Authority (LPFA) Pension Scheme. 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.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2022 (*continued*)

5. Accounting for retirement benefits (*continued*)

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.

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 a 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.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2022 (*continued*)

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 FRS102 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 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 a straight line basis over their expected useful lives.

New builds	50 years
Refurbishments	10-50 years

No depreciation is charged on 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 to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's (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 (CGUs). 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.

10. 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.

11. 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.

12. 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.

13. Intangible assets

Intangible assets are amortised over their useful life of 5 years. Intangible assets relate to software development costs that have future economic benefit to the University.

14. 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.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2022 (*continued*)

15. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, current accounts and overdrafts. It also includes deposits which have maturity of less than 95 days and deposits which have maturity of 95 days or more but for which notice of withdrawal has been given before the year end.

16. 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.

17. 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.

18. 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.

19. Financial assets

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

20. 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 2022

		Consolidated	University	Consolidated	University
		2021/22	2021/22	2020/21	2020/21
		£000s	£000s	£000s	£000s
INCOME					
Tuition fees and education contracts	1	172,419	172,419	155,480	155,480
Funding body grants	2	19,506	19,506	18,880	18,880
Research grants and contracts	3	2,730	2,611	2,486	2,375
Other income	4	23,424	22,946	11,187	10,720
Investment income	5	456	423	116	94
Donations and endowments	6	775	775	692	692
Total income		219,310	218,680	188,841	188,241
EXPENDITURE					
Staff costs	8	132,756	125,757	119,281	112,315
Other operating expenses		75,931	83,069	57,282	64,969
Amortisation	12	2,878	2,878	3,437	3,437
Depreciation	13	11,513	11,513	12,050	12,050
Interest and other finance costs	9	8,264	8,218	7,981	7,923
Total expenditure	10	231,342	231,435	200,031	200,694
Deficit before other gains		(12,032)	(12,755)	(11,190)	(12,453)
Gain on disposal of fixed assets	12,13	-	-	600	600
Deficit before qualifying charitable donations		(12,032)	(12,755)	(10,590)	(11,853)
Qualifying charitable donations		-	775	-	703
Deficit for the year		(12,032)	(11,980)	(10,590)	(11,150)
Actuarial gain in respect of pension schemes	23	155,107	152,287	8,596	7,384
Total comprehensive income/(expenditure) for the year		143,075	140,307	(1,994)	(3,766)
Endowment comprehensive expenditure for the year		(15)	(15)	(60)	(60)
Restricted comprehensive expenditure for the year		(147)	(147)	(51)	(51)
Unrestricted comprehensive income/(expenditure) for the year		143,237	140,469	(1,883)	(3,655)
		143,075	140,307	(1,994)	(3,766)

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

The notes on pages 35-56 form part of the financial statements.

BALANCE SHEETS

FOR THE YEAR ENDED 31 JULY 2022

Consolidated	University	Consolidated	University
2021/22	2021/22	2020/21	2020/21
£000s	£000s	£000s	£000s

Notes

Fixed assets

Intangible assets	12	8,573	8,573	9,438	9,438
Tangible assets	13	403,657	403,657	405,186	405,187
Heritage assets	13	1,923	1,923	1,938	1,938
Investments	17	3,038	9,339	3,038	9,339
		417,191	423,492	419,600	425,902

Current assets

Stock		77	60	110	64
Debtors	18	24,780	24,198	23,134	23,017
Current asset investment	19	30,038	30,038	35,020	30,020
Cash at bank and in hand		104,917	98,297	74,152	71,620
		159,812	152,593	132,416	124,721

Creditors: amounts falling due within one year	20	(71,464)	(70,972)	(48,220)	(47,571)
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Net current assets		88,348	81,621	84,196	77,150
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Total assets less current liabilities		505,539	505,113	503,796	503,052
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Creditors: amounts falling due after more than one year	21	(102,012)	(102,012)	(104,192)	(104,192)
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Net assets excluding pension liability		403,527	403,101	399,604	398,860
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Provisions for liabilities

Pension provisions	23	(1,557)	(1,557)	(140,709)	(137,623)
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Total net assets		401,970	401,544	258,895	261,237
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The notes on pages 35-56 form part of the financial statements.

BALANCE SHEETS (continued)
FOR THE YEAR ENDED 31 JULY 2022

Consolidated	University	Consolidated	University
2021/22	2021/22	2020/21	2020/21
£000s	£000s	£000s	£000s

Notes

Restricted reserves

Income & expenditure reserve - endowment fund	24	1,150	1,150	1,165	1,165
Income & expenditure reserve - restricted reserve	24	1,236	1,236	1,383	1,383

Unrestricted reserves

Income & expenditure account - unrestricted		195,202	194,776	32,612	34,954
Revaluation reserve		204,382	204,382	223,735	223,735
		<u>401,970</u>	<u>401,544</u>	<u>258,895</u>	<u>261,237</u>

The financial statements were approved and authorised for issue by the Governing Body on 28 November 2022 and signed on its behalf by:



Francis Small
Chairman of the Board of Governors



Professor Steven Spier
Vice Chancellor

The notes on pages 35-56 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2022

	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
Consolidated	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2021	1,165	1,383	32,612	223,735	258,895
Deficit from income & expenditure account	(15)	(147)	(11,870)		(12,032)
<i>Other Comprehensive income</i>					
Actuarial gain on pension scheme			155,107		155,107
Transfer			19,353	(19,353)	-
Total comprehensive income/(expenditure) for the year	(15)	(147)	162,590	(19,353)	143,075
Balance 31 July 2022	1,150	1,236	195,202	204,382	401,970

	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
University	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2021	1,165	1,383	34,954	223,735	261,237
Deficit from income & expenditure account	(15)	(147)	(11,818)		(11,980)
<i>Other Comprehensive income</i>					
Actuarial gain on pension scheme			152,287		152,287
Transfer			19,353	(19,353)	-
Total comprehensive income/(expenditure) for the year	(15)	(147)	159,822	(19,353)	140,307
Balance 31 July 2022	1,150	1,236	194,776	204,382	401,544

	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
Consolidated	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2020	1,225	1,434	31,528	226,702	260,889
Deficit from income & expenditure account	(60)	(51)	(10,479)	-	(10,590)
<i>Other Comprehensive income</i>				-	
Actuarial gain on pension scheme			8,596		8,596
Transfer			2,967	(2,967)	-
Total comprehensive income/(expenditure) for the year	(60)	(51)	1,084	(2,967)	(1,994)
Balance 31 July 2021	1,165	1,383	32,612	223,735	258,895

	Income and expenditure reserve			Revaluation	Total
	Endowment	Restricted	Unrestricted	reserve	
University	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2020	1,225	1,434	35,642	226,702	265,003
Deficit from income & expenditure account	(60)	(51)	(11,039)	-	(11,150)
<i>Other Comprehensive income</i>					
Actuarial gain on pension scheme			7,384	-	7,384
Transfer			2,967	(2,967)	-
Total comprehensive expenditure for the year	(60)	(51)	(688)	(2,967)	(3,766)
Balance 31 July 2021	1,165	1,383	34,954	223,735	261,237

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022

		Consolidated 2021/22 £000s	Consolidated 2020/21 £000s
	Notes		
Cash flow from operating activities			
Deficit before tax		(12,032)	(10,590)
Adjustment for non-cash items			
Depreciation and impairment of tangible assets	13	11,513	12,050
Amortisation of intangible assets	12	2,878	3,437
Decrease in stocks		33	32
(Increase)/decrease in debtors	18	(1,549)	5,115
Increase in creditors		23,537	6,567
Increase/(decrease) in provisions		927	(143)
Difference between net pension expense and liability	23	12,730	8,231
Adjustment for investing or financing activities			
Interest receivable	5	(456)	(116)
Interest payable	9	8,264	7,981
Profit on disposal of fixed assets		-	(600)
Capital grants utilised in the year		(1,617)	(1,710)
Net inflow from operating activities		44,228	30,254
Cash flows from investing activities			
Capital grants received		1,530	1,624
Proceeds from sale of fixed assets	13	-	11,317
Payments to acquire fixed assets	12,13	(12,218)	(8,443)
Payments to acquire fixed asset investments		-	(10)
Other interest received	5	359	116
Withdrawal from/(additions to) deposits	19	4,982	(29,007)
		(5,347)	(24,403)
Cash flows from financing activities			
Interest paid	9	(5,966)	(5,997)
Repayments of amounts borrowed	22	(1,632)	(2,043)
Capital element of finance lease rental payments	22	(518)	(497)
Decrease in cash in the period		(8,116)	(8,537)
Increase/(decrease) in cash and cash equivalents in the year		30,765	(2,686)
Cash and cash equivalents at beginning of the year		74,152	76,838
Cash and cash equivalents at the end of the year		104,917	74,152

NOTES TO THE ACCOUNTS
Year ended 31 July 2022

1 TUITION FEES AND EDUCATION CONTRACTS

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Full-time UK and EU students	98,671	98,671	102,818	102,818
Part-time UK and EU students	4,491	4,491	3,907	3,907
Overseas full-time students	63,242	63,242	43,820	43,820
Overseas part-time students	1,353	1,353	1,055	1,055
Short course fees	4,361	4,361	3,258	3,258
NHS teaching contracts	301	301	622	622
	172,419	172,419	155,480	155,480

2 FUNDING BODY GRANTS

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Recurrent grant (including research element)	12,669	12,669	15,490	15,490
OFS specific grants	562	562	714	714
Education funding agency	4,641	4,641	959	959
Deferred capital grants released in year	1,634	1,634	1,717	1,717
	19,506	19,506	18,880	18,880

3 RESEARCH GRANTS AND CONTRACTS

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Research councils	245	245	156	156
UK based charities	344	344	357	358
Other research grants and contracts	2,141	2,022	1,973	1,861
	2,730	2,611	2,486	2,375

4 OTHER INCOME

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Residencies and catering	7,521	7,431	5,051	5,002
Course validation fees/teaching contracts	1,339	1,339	1,711	1,711
Other income	14,564	14,176	4,425	4,007
	23,424	22,946	11,187	10,720

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

5 INVESTMENT INCOME

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Interest receivable	456	423	116	94

6 DONATIONS AND ENDOWMENTS

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Unrestricted donations	775	775	692	692

7 GRANT & FEE INCOME

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Grant income from the OfS	14,671	14,671	17,851	17,851
Grant income from other bodies	3,050	3,050	3,605	3,412
Fee income for taught awards	168,058	168,058	152,222	152,222
Fee income for research awards	2,730	2,611	2,486	2,375
Fee income from non-qualifying courses	4,361	4,361	3,258	3,258
	192,870	192,751	179,422	179,118

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

8 STAFF

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Staff Costs				
Wages and salaries	87,009	80,811	84,717	78,238
Restructuring costs	242	227	539	519
Social security costs	9,463	8,911	8,827	8,297
Movement on USS pension	928	928	(152)	(152)
Other pension costs	35,114	34,880	25,350	25,413
	132,756	125,757	119,281	112,315

Vice-Chancellor and Chief Executive

2021/22	2020/21
£000s	£000s

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

Current Vice Chancellor

Basic salary	300	285
Performance-related pay and other bonuses	-	-
Salary sacrifice arrangements	-	-
Compensation for loss of office	-	-
Total before pension costs	300	285
Pension contributions	71	67
Payments in lieu of pension contributions	-	-
Total after pension costs	371	352

No other payments were made to the Vice Chancellor in relation to dividends, benefits (taxable or non-taxable) or any other remuneration.

Justification of Vice Chancellor's salary

The University context

Kingston University is a modern University based in London operating across four campuses. It has recruited over 17,000 students including over 4,000 international students from over 100 countries. The academic provision is provided by four faculties including: Engineering, Computing and Environment, Business and Social Sciences, the Kingston School of Art, and Health, Science, Social Care and Education. The total income for the university was over £219m for the year and therefore the University is a large, broadly based complex organisation working in an increasingly competitive environment.

University reputation

The University maintained its position as one of the top 50 institutions in the country for the third year in a row in the 2022 Guardian University Guide, one of only eight London institutions. It topped the ranking in London for fashion and textiles and nursing and midwifery, and was placed second in the capital for architecture, social work, film production and photography, and design and crafts. The University has risen for the fifth consecutive year in the Times/Sunday Times Good University Guide, jumping three places to #101 in the 2022 edition of the table. Kingston University achieved its highest rank in the Complete University Guide 2023, with a rise of seven places and now positioned at 78 out of 130 institutions across the UK.

This year's National Student Survey results show the University has seen greater improvements in student satisfaction than the sector across seven of the ten themes. The University's 'Overall Satisfaction' score rose at a faster rate than the sector benchmark and remains above post-92 London universities.

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.

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; and
- 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 2022

8 STAFF (continued)

Higher paid employees (including Vice-Chancellor)

	2021/22 No.	2020/21 No.
£295,001 - £300,000	1	-
£280,001 - £285,000	-	1
£200,001 - £205,000	-	1
£180,001 - £185,000	-	1
£170,001 - £175,000	1	-
£160,001 - £165,000	1	-
£155,001 - £160,000	-	1
£150,001 - £155,000	4	1
£145,001 - £150,000	-	1
£140,001 - £145,000	1	1
£135,001 - £140,000	1	-
£130,001 - £135,000	-	2
£125,001 - £130,000	3	-
£120,001 - £125,000	1	-
£115,001 - £120,000	1	3
£110,001 - £115,000	3	-
£105,001 - £110,000	1	2
£100,001 - £105,000	1	-

Compensation for loss of office:

Staff costs include compensation payable to 52 employees (2021: 147)

£000s	£000s
242	539

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

	Consolidated 2021/22	University 2021/22	Consolidated 2020/21	University 2020/21
Executive, senior and academic staff	792	792	790	790
Research, language and teaching assistants	22	22	22	22
General and professional staff	1,035	839	1,006	810
	1,849	1,653	1,818	1,622

Pay ratios

	2021/22 £000s	2020/21 £000s
Basic salary ratio	7.1	7.2
Total remuneration ratio	7.1	7.2

The basic salary ratio is calculated as the ratio of the Vice-Chancellor's basic salary to the median basic salary for all staff who are required to be included in real-time reporting to HMRC, 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 Leadership Team. Staff costs include compensation paid to key personnel.

Key management personnel costs

2021/22 £000s	2020/21 £000s
2,658	2,617

The total sum of £770 (2021: £1,049) was claimed as expenses by four (2021: three) members of the Board of Governors during 2021/2022. All of the expenses were in respect of travel, subsistence, stationery, professional subscriptions and health and safety. 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 2022

9 INTEREST & OTHER FINANCE COSTS

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
On loans	2,615	4,904	2,717	2,717
On service concession arrangement	3,137	3,137	3,103	3,103
On finance leases	169	169	169	169
	5,921	8,210	5,989	5,989
Net interest on net defined benefit liability	2,343	8	1,992	1,934
	8,264	8,218	7,981	7,923

10 ANALYSIS OF TOTAL EXPENDITURE BY CATEGORY

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Academic and related expenditure	107,753	107,706	102,448	102,349
Administration and central services	45,794	45,807	39,730	40,539
Premises (including service concession cost)	39,016	39,885	32,152	32,662
Residences, catering and conferences	12,446	11,468	10,456	9,385
Research grants and contracts	2,731	2,730	2,485	2,486
Other expenses	23,602	23,839	12,760	13,273
	231,342	231,435	200,031	200,694
Other operating expenses include:				
External auditors remuneration - audit services	115	93	102	81
External auditors remuneration - non-audit services	17	17	13	13
Operating lease rentals:				
Land and buildings	1,195	1,195	1,694	1,694

11 ACCESS & PARTICIPATION PLAN EXPENDITURE

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Access investment	921	921	902	902
Financial support provided to students	1,838	1,838	1,854	1,854
Support for disabled students	480	480	325	325
Research and evaluation	149	149	152	152
	3,388	3,388	3,233	3,233

Included above are staff costs of £815,353 (2021: £807,758) which are reflected in the overall staff costs figures included in the financial statements (note 8).

The total approved expenditure in the University's published Access and Participation Plan for the year ended 31 July 2022 was £2,834,788 (2021: £2,834,788). Actual spend was higher than planned expenditure due to student emergency grants arising as a direct result of Covid-19.

Details of the approved plan may be viewed at www.kingston.ac.uk/undergraduate/access/.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

12 INTANGIBLE ASSETS

CONSOLIDATED & UNIVERSITY

Software

2021/22

£000s

Cost

Balance as at 31 July 2021	24,168
Additions	2,098
Disposals	(945)
Transfer to tangible assets	(85)
Balance as at 31 July 2022	25,236

Amortisation

Balance as at 31 July 2021	14,730
Amortisation	2,878
Disposals	(945)
Balance as at 31 July 2022	16,663

Net Book Value

Balance as at 31 July 2022	8,573
Balance as at 31 July 2021	9,438

13 TANGIBLE ASSETS

CONSOLIDATED & UNIVERSITY

	Freehold Land £000s	Freehold Buildings £000s	Service Concession Arrangement Land/Buildings £000s	Plant, Machinery, Equipment £000s	Assets Under Construction £000s	Heritage Assets £000s	Investment Property £000s	Total £000s
Cost or Valuation								
Balance as at 31 July 2021								
Cost	138,780	294,889	7,668	38,873	805	2,348	5,000	488,363
Additions	-	6,179	-	3,604	305	-	-	10,088
Disposals	-	(106)	-	(3,506)	-	-	-	(3,612)
Transfer from intangible assets				85				85
Balance as at 31 July 2022	138,780	300,962	7,668	39,056	1,110	2,348	5,000	494,924
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	-	178,958	2,488	39,056	1,110	1,511	5,000	228,123
	138,780	300,962	7,668	39,056	1,110	2,348	5,000	494,924
Depreciation								
Balance as at 31 July 2021	-	47,406	1,073	32,350	-	410	-	81,239
Charge in year	-	8,964	153	2,370	-	15	-	11,502
Disposals	-	(106)	-	(3,302)	-	-	-	(3,408)
Impairment	-	11	-	-	-	-	-	11
Balance as at 31 July 2022	-	56,275	1,226	31,418	-	425	-	89,344
Net Book Value								
Balance as at 31 July 2022	138,780	244,687	6,442	7,638	1,110	1,923	5,000	405,580
Balance as at 31 July 2021	138,780	247,483	6,595	6,523	805	1,938	5,000	407,124

Reconciliation of net book value to historic cost method

Net Book Value	Balance as at 31 July 2022	405,580
Revaluation reserve		204,382
Historic cost NBV	Balance as at 31 July 2022	<u>201,198</u>

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 2022

14 INVESTMENT PROPERTY

The University investment property has been recorded in the balance sheet at fair value which is reflective of its current market value.

15 SERVICE CONCESSION ARRANGEMENTS

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

Clayhill campus

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 estimated on this basis. Unitary payments of £2,195,000 inflate by RPI over the 35 years of the arrangement.

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

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

Movement in service concession arrangement assets and liabilities

The net book value of the service concession included in the Balance Sheet as at 31 July 2022 is £6,441,120 (2021: £6,594,480). The movement in depreciation in the year is £153,360 (2021: £153,360).

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2022 were £21,068,874 (2021: £20,896,512). The value of the movement in liability for 2021/22 was £172,362.

Future commitments

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

	Payable in 1 year	Payable in 2-5 years	Payable after 5 years	Total
	£'000s	£'000s	£'000s	£'000s
Liability repayments	(109)	466	20,712	21,069
Finance Charge	3,163	12,692	24,627	40,482
Service charge	795	3,427	11,809	16,031
	<u>3,849</u>	<u>16,585</u>	<u>57,148</u>	<u>77,582</u>

Kingston Hill and Seething Wells campuses

The University entered into an agreement with Kingston Student Living LLP in July 2020 for the refurbishment, redevelopment and operation of its halls of residences at Kingston Hill and Seething Wells. The concession term consists of the construction period and a 50-year operational period (subject to an early break clause of 40 years by Kingston University). The Project agreement expiry is the year 2072. The finance for this development is provided by third-party wrapped fixed rate and index linked bonds (82%) and LLP capital contributions (18%).

The University's subsidiary KU Student Living Limited is a 15% investor in the LLP. The demand risk will be borne by the LLP post completion. In the first two academic years the LLP has an obligation to make the rooms available to the University and the University will retain any rental income arising from occupation.

The capital consideration of £23.7m represented an upfront payment received by the University from the LLP for the disposal of buildings and the operating lease of the land during the term of 40 years. Consideration also included the future income that the University will receive during the construction period, and this was included in the measurement of the loss on the disposal of the buildings. The future income retained by the University was accounted for at fair value as a deferred compensation debtor.

Post construction, the University has an annual nomination arrangement with LLP, where it may nominate rooms for students at its Kingston Hill and Seething Wells sites. The University will account for this reflecting the values of these nominations within the Balance Sheet at year end with the annual nominations recognised in the Statement of Comprehensive Income the following year. At the year end the University had nominated 1,197 rooms for students and recognised the associated income and cost of £8,718,000 within the Balance Sheet as a debtor (note 18) and creditor (note 20).

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

16 INVESTMENT IN JOINT VENTURE

The University had a jointly controlled operation with St Georges Hospital Medical School for the provision of Healthcare education until 31 July 2022. On 1 August 2022 the joint venture agreement was dissolved.

Under the terms of the original agreement, assets and liabilities have previously been shared equally and income and expenditure apportioned in relation to the award granted to each institution. As a result of the decision to dissolve the joint venture, the assets and liabilities in these financial statements have been assigned in accordance with ownership at year end whilst income and expenditure continues to be apportioned in relation to the award granted to each institution.

The amounts included within the financial statements from the jointly controlled operation are:

	2021/22		2020/21	
	£000s	£000s	£000s	£000s
Income and expenditure account				
Income		20,235		18,911
Surplus		4,182		4,662
Balance sheet				
Fixed assets	626		847	
Current assets	9,134		6,960	
		9,760		7,807
Creditors: amounts due within one year	(4,171)		(1,792)	
Creditors: amounts due after more than one year	(181)		(107)	
		(4,352)		(1,899)
Share of net assets		5,408		5,908

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

17 INVESTMENTS

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

At 1 August 2021 and 31 July 2022

3,038 3,038

UNIVERSITY

At 1 August 2021 and 31 July 2022

9,194 145 9,339

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

Subsidiary	Main Business	% owned	Ownership
Kingston University Enterprises Ltd	Trading & consultancy	100%	Direct
Kingston University Service Company Ltd	Residences management & property services	100%	Direct
KU Holding Ltd	Holding company	100%	Direct
KU Student Living Ltd (note 15)	Educational support services	100%	Indirect

All the above entities are incorporated in England and Wales.

All the above entities have a registered office at River House, 53-57 High St, Kingston upon Thames, Surrey, KT1 1LQ.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

18 DEBTORS

Amounts falling due within one year:

	Consolidated 2021/22 £000s	University 2021/22 £000s	Consolidated 2020/21 £000s	University 2020/21 £000s
Trade and student receivables	5,944	5,807	4,396	4,327
Amounts owed by subsidiary undertakings	-	19	-	13
Accrued income	1,792	1,728	1,567	1,553
Service concession – right of use asset	8,718	8,718	-	-
Other debtors	173	170	6,057	6,057
Prepayments	8,153	7,756	6,225	6,178
	24,780	24,198	18,245	18,128

Amounts falling due after more than one year:

Other debtors (recoverable pension asset)	-	-	4,889	4,889
	-	-	4,889	4,889
	24,780	24,198	23,134	23,017

19 CURRENT ASSET INVESTMENTS

	Consolidated 2021/22 £000s	University 2021/22 £000s	Consolidated 2020/21 £000s	University 2020/21 £000s
Term deposits	30,038	30,038	35,020	30,020

These are cash deposits with a term of 95 days or more for which no notice of withdrawal has been given before the year end.

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

	Consolidated 2021/22 £000s	University 2021/22 £000s	Consolidated 2020/21 £000s	University 2020/21 £000s
Obligations under finance leases (note 22)	-	-	518	518
Bank loans (note 22)	1,713	1,713	1,632	1,632
Trade creditors	5,088	4,984	4,233	4,179
Other creditors including tax and social security	22,584	22,431	17,211	17,004
Accruals	21,211	20,992	11,784	11,396
Service concession – right of use asset	8,718	8,718	-	-
Tuition fees in advance	5,550	5,550	5,090	5,090
Deferred income	5,092	5,076	6,149	6,149
Deferred capital grants	1,508	1,508	1,603	1,603
	71,464	70,972	48,220	47,571

Deferred income

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

	Consolidated 2021/22 £000s	University 2021/22 £000s	Consolidated 2020/21 £000s	University 2020/21 £000s
Deferred grant income	931	931	2,915	2,915

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

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

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Service concession arrangements (note 15)	21,069	21,069	20,896	20,896
Bank loans (note 22)	57,590	57,590	59,303	59,303
Other loans	-	-	326	326
Deferred capital grants	11,093	11,093	11,085	11,085
Deferred income	12,260	12,260	12,582	12,582
	102,012	102,012	104,192	104,192

22 BANK LOANS & FINANCE LEASES

	Consolidated	University	Consolidated	University
	2021/22	2021/22	2020/21	2020/21
	£000s	£000s	£000s	£000s
Bank loans				
Due within one year or on demand	1,713	1,713	1,632	1,632
Due between one and two years	1,809	1,809	1,713	1,713
Due between two and five years	10,551	10,551	8,234	8,234
Due in five years or more	45,230	45,230	49,356	49,356
Due after more than one year	57,590	57,590	59,303	59,303
Total unsecured bank loans	59,303	59,303	60,935	60,935
Obligations under finance leases				
Due within one year or on demand	-	-	518	518

Analysis of terms of repayment and rates of interest

Lender	Amount outstanding £000s	Term	Interest rate
Roodhill Leasing (Middle Mill)	518	01/04/2022	7.50%
Barclays	20,935	31/07/2031	6.09%
Barclays	40,000	31/07/2030	3.31%

The University has secured a £20m revolving credit facility with Barclays repayable by May 2023. The facility is secured, and at 31 July 2022, no amounts had been drawn down.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

23 PROVISIONS FOR LIABILITIES

Consolidated

Pension Provision		Obligations to fund deficit on pension	Total Pensions Provisions £'000
LGPS £'000	LPFA £'000	USS £'000	
136,666	3,086	957	140,709
15,293	(266)	928	15,955
(152,287)	(2,820)	-	(155,107)
(328)	-	1,885	1,557

University

Pension Provision		Obligations to fund deficit on pension	Total Pensions Provisions £'000
LGPS £'000	LPFA £'000	USS £'000	
136,666	-	957	137,623
15,293	-	928	16,221
(152,287)	-	-	(152,287)
(328)	-	1,885	1,557

Refer to note 30 for pension scheme details.

24 ENDOWMENT & RESTRICTED RESERVES

	2021/22 £000s	2020/21 £000s
Endowment fixed assets	1,100	1,115
Endowment cash	50	50
Restricted reserve cash	1,236	1,383
	2,386	2,548

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

25 OPERATING LEASE COMMITMENTS

	2021/22 Land and Buildings £000s	2020/21 Land and Buildings £000s
Total rentals payable under operating leases:		
Payable during the year:	1,208	1,850
Future minimum lease payments due:		
Not later than 1 year	1,197	1,267
Later than 1 year and not later than 5 years	4,749	3,803
Later than 5 years	15,705	14,948
	<u>21,651</u>	<u>20,018</u>
	<u>22,859</u>	<u>21,868</u>

26 CAPITAL COMMITMENTS - CONSOLIDATED & UNIVERSITY

	2021/22 £000s	2020/21 £000s
Capital expenditure contracted that has not been provided for	1,135	2,412
Capital expenditure that has been authorised by the Governing Body but not yet contracted	<u>7,017</u>	<u>-</u>
	<u>8,152</u>	<u>2,412</u>

27 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 £000s	TRA bursaries £000s	Nursery Placement Bursary £000s
At 1 August 2021	64	49	2
Income	-	517	238
Amounts repaid	(64)	(49)	(2)
Amounts disbursed	<u>-</u>	<u>(465)</u>	<u>(234)</u>
At 31 July 2022	<u>-</u>	<u>52</u>	<u>4</u>

The unspent balance is held within other creditors (note 20).

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

28 RELATED PARTY TRANSACTIONS

Board of Governors

During the year grants of £1,244k (2021: £1,116k) were paid to the Union of Kingston Students (UKS), an organisation in which Mr Sarin Syed, a member of the Kingston University Governing Body, served as President.

During the year franchise payments of £736k (2021: £nil) were paid to the South Thames College Group, an organisation in which the Provost was appointed as a Governor during the year.

Senior Management Team

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

Payments in respect of services provided to the University totalling £229,400 (2021: £nil) were made to the Kingston Theatre Trust, an organisation in which the Dean of the Kingston School of Art served as a trustee during the year.

Kingston Student Living Ltd holds a 15% interest in Kingston Student Living LLP, an organisation in which the Chief Operating Officer served as a director during the year. During the year, the University received amounts for utility recharges of £51,850 (2021: £79,029) from Kingston Student Living LLP.

29 CONSOLIDATED RECONCILIATION OF NET DEBT

	1 August 2021	Cash flows	Other non- cash changes	31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank	74,152	30,765	-	104,917
Debt				
Obligations under finance leases (note 22)	(518)	518	-	-
Unsecured loans (note 22)	(60,935)	1,632	-	(59,303)
Service concession liabilities (note 15)	(20,896)	-	(8,891)	(29,787)
Net debt	(8,197)	32,915	(8,891)	15,827

There are no restrictions over the use of the cash at bank balances.

The non-cash movement relates to nominated rooms for students in the 2022/23 academic year.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 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.

The LGPS and LPFA pension provisions have been calculated using the standard CPI assumptions for pension increases, which normally would not take in account the 2023 PI Order. The 2023 PI order is normally used to set the level of pension increases and this is expected to be significantly higher than the standard CPI assumption. However, this will only be known with certainty in March 2023 and for that reason we have not made an adjustment but instead disclosed the potential impact. The effect of recognising the 2023 PI order in the balance sheet as at 31st July 2022 is to alter the LGPS pension asset of £328,000 to a pension liability of £17,135,000, and reduce the LPFA pension asset of £1,023,000 to an asset of £344,000.

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 repayment for the year ending 31 July 2022 will be £326k (31 July 2021: £318k). 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 High Street, Kingston upon Thames, KT1 1LQ

Pension charges for the year (covering all schemes):

	2021/22 £000s
LGPS	25,015
TPS	9,434
USS	1,294
LPFA	9
Legal & General	225
Prudential	47
Aviva	18
Total pension cost	<u>36,042</u>

(i) The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme. 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 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) with related expenses being recognised through the profit and loss account.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 PENSION SCHEMES (continued)

(i) The Universities Superannuation Scheme (continued)

Deficit Recovery Liability

The total cost charged to the income and expenditure account is £1,293,526 (2021: £281,120). Deficit recovery contributions due within one year for the institution are £47,399 (2021: £45,609).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

Assumptions

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

<u>CPI assumption</u>	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% pa to 2030, reducing linearly by 0.1% pa to a long-term difference of 0.1% pa from 2040
<u>Pension increases</u> (subject to a floor of 0%)	CPI assumption plus 0.05%
<u>Discount rate (forward rates)</u>	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% Post-retirement: 1.00%

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
<u>Mortality base table</u>	101% of S2PMA "light" for males and 95% of S3PFA for females
<u>Future improvements to mortality</u>	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.33%	0.89%
Pensionable salary growth	3.0%	3.0%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 PENSION SCHEMES (continued)

(ii) Local Government Pension Scheme (LGPS)

Retirement Benefits Disclosure for the accounting period ending 31 July 2022

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 2022. The date of the last triennial valuation was 31 March 2019.

Assumptions

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

	At 31 July 2022	At 31 July 2021
	%pa	%pa
Salary Increase Rate	3.1	3.2
Pension Increase Rate (CPI)	2.7	2.8
Discount rate	3.5	1.6

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	21.7 years	24.1 years
Future pensioners	22.8 years	26.0 years

Reconciliation of movement in the fair value of plan assets

	At 31 July 2022	At 31 July 2021
	£000s	£000s
Opening position	312,194	253,970
Interest on plan assets	5,009	3,570
Plan participants' contributions	2,500	2,343
Employer contributions	7,402	7,385
Contributions in respect of unfunded benefits	2	2
Benefits paid	(7,722)	(7,375)
Unfunded benefits paid	(2)	(2)
Return on assets excluding amounts included in net interest	(14,482)	52,301
Closing position	304,901	312,194

Reconciliation of the present value of the defined benefit obligation

	At 31 July 2022	At 31 July 2021
	£000s	£000s
Opening position	448,859	387,273
Current service cost	20,406	16,197
Past service cost (including curtailments)	2	-
Interest cost on defined benefit obligation	7,298	5,496
Plan participants contributions	2,500	2,343
Benefits paid	(7,722)	(7,375)
Unfunded benefits paid	(2)	(2)
Changes in demographic assumptions	(1,634)	5,542
Change in financial assumptions	(166,256)	44,499
Other experience	1,121	(5,114)
Closing position	304,572	448,859

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 PENSION SCHEMES (continued)

(ii) Local Government Pension Scheme (LGPS) (continued)

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

	At 31 July	At 31 July
	2022	2021
	£000s	£000s
Service cost		
- Current service cost	(20,406)	(16,197)
- Past service cost	(2)	-
Total service cost	(20,408)	(16,197)
Net interest		
- Interest income on plan assets	5,009	3,570
- Interest cost on defined benefit obligation	(7,298)	(5,496)
Total net interest	(2,289)	(1,926)
Total defined benefit cost recognised in profit or (loss)	(22,697)	(18,123)

	At 31 July	At 31 July
	2022	2021
	£000s	£000s
Remeasurements		
- Change in demographic assumptions	1,634	(5,542)
- Change in financial assumptions	166,256	(44,499)
- Other experience	(1,121)	5,114
- Return on assets excluding amounts included in net interest	(14,482)	52,301
Total remeasurements recognised in Other Comprehensive Income	152,287	7,374

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 2022 is estimated to be minus 6.2%. The actual returns for this period were minus 3.0%.

The estimated split of assets as at 31 July 2022 is as shown below:

	At 31 July	At 31 July
	2022	2021
Equities	56%	72%
Bonds	31%	14%
Property	9%	6%
Cash	4%	8%
Total	100%	100%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 PENSION SCHEMES (continued)

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

Retirement Benefits Disclosure for the accounting period ending 31 July 2022

A defined benefit pension scheme (LPFA) is operated on behalf of the employees of Kingston University Service Company Ltd (KUSCO), the figures disclosed below have been derived from the actuarial valuations carried out by Barnett Waddingham as at 31 July 2022. The date of the last triennial valuation was 31 March 2019.

Assumptions

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

	At 31 July 2022	At 31 July 2021
	%pa	%pa
Salary increases	n/a	n/a
Pension increases (CPI)	2.85	2.85
Discount rate	3.40	1.55

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:

	Males	Females
Retiring today	21.0 years	23.6 years
Retiring in 20 years	22.4 years	25.5 years

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 2022 is estimated to be 8.06%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for KUSCO as at 31 July 2022 is as follows:

	At 31 July 2022	
	£000s	%
Equities	6,524	57%
Target return portfolio	2,496	22%
Infrastructure	1,210	10%
Property	1,129	10%
Cash	138	1%
Total	11,497	100%

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

30 PENSION SCHEMES (continued)

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

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

	At 31 July 2022 £000s	At 31 July 2021 £000s
Opening defined benefit obligation	13,906	14,275
Interest cost	212	182
Change in financial assumptions	(3,398)	473
Change in demographic assumptions	221	(209)
Experience loss/(gain) on defined benefit obligation	33	(326)
Estimated benefits paid net of transfers in	(500)	(489)
Closing defined benefit obligation	10,474	13,906

Reconciliation of opening & closing balances of the fair value of Fund assets

	At 31 July 2022 £000s	At 31 July 2021 £000s
Opening fair value of Fund assets	10,820	9,445
Interest on assets	166	124
Return on assets less interest	699	1,150
Administrative expenses	(14)	(12)
Contributions by employer including unfunded	326	602
Estimated benefits paid plus unfunded net of transfers in	(500)	(489)
Closing fair value of Fund assets	11,497	10,820

Amounts recognised in the Statement of Comprehensive Income as an expense

	At 31 July 2022 £000s	At 31 July 2021 £000s
Net interest on the defined liability	46	58
Administrative expenses	14	12
Total costs	60	70

Remeasurement of the defined liability in other comprehensive income

- Return on Fund assets in excess of interest	699	1,150
Other actuarial gains		
- Change in financial assumptions	3,398	(473)
- Change in demographic assumptions	(221)	209
- Experience (loss)/gain on defined benefit obligation	(33)	326
- Losses from change in effect of asset ceiling	(1,023)	-
Total remeasurements recognised in Other Comprehensive Income	2,820	1,212

Fair value of plan assets	11,497	10,820
Present value of plan liabilities	(10,474)	(13,906)
	1,023	(3,086)
Effect of asset ceiling	(1,023)	-
	-	(3,086)

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

31 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

Expendable Net Assets		2021/22		2020/21	
		£'000		£'000	
Statement of Financial Position - Net assets without donor restrictions.	Net assets without donor restrictions.		399,584		256,347
Statement of Financial Position - Net assets with donor restrictions.	Net assets with donor restrictions.		2,386		2,548
Statement of Financial Position - Related party receivable and Related party note disclosure.	Secured and Unsecured related party receivable.	-		-	
Statement of Financial Position - Related party receivable and Related party note disclosure.	Unsecured related party receivable.		-		-
Statement of Financial Position - Property, Plant and equipment, net.	Property, plant and equipment, net (includes Construction in progress).	399,138		400,529	
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation.	Property, plant and equipment - pre-implementation.		370,461		378,285 (see note below)
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase.	Property, plant and equipment - post-implementation with outstanding debt for original purchase.		-		-
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase.	Property, plant and equipment - post-implementation without outstanding debt for original purchase.		27,567		21,439 (see note below)
Note of the Financial Statements - Statement of Financial Position - Construction in progress.	Construction in progress.		1,110		805
Statement of Financial Position - Lease right-of-use assets, net.	Lease right-of-use asset, net.	15,160		6,595	
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation.	Lease right-of-use asset pre-implementation.		6,442		6,595
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation.	Lease right-of-use asset post-implementation.		8,718		-
Statement of Financial Position - Goodwill (and other intangibles).	Intangible assets.		8,573		9,438
Statement of Financial Position - Post-employment and pension liabilities.	Post-employment and pension liabilities.		1,557		140,709
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process.	Long-term debt - for long term purposes.	59,303		60,935	
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process.	Long-term debt - for long term purposes pre-implementation.		59,303		60,935
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process.	Long-term debt - for long term purposes post-implementation.		-		-
Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process.	Line of Credit for Construction in process.		-		-
Statement of Financial Position - Lease right-of-use asset liability.	Lease right-of-use asset liability.	29,787		20,896	
Statement of Financial Position - Lease right-of-use asset liability pre-implementation.	Pre-implementation right-of-use leases.		21,069		20,896
Statement of Financial Position - Lease right-of-use asset liability post-implementation.	Post-implementation right-of-use leases.		8,718		-
Statement of Financial Position - Annuities	Annuities with donor restrictions.		-		-
Statement of Financial Position - Term endowments.	Term endowments with donor restrictions.		-		-
Statement of Financial Position - Life Income Funds.	Life income funds with donor restrictions.		-		-
Statement of Financial Position - Perpetual Funds.	Net assets with donor restrictions: restricted in perpetuity.		2,386		2,548

NOTES TO THE ACCOUNTS
(continued)
Year ended 31 July 2022

31 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (continued)

Total Expenses and Losses		2021/22		2020/21	
		£'000		£'000	
Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments).	Total expenses without donor restrictions - taken directly from Statement of Activities.		231,342		200,031
Statement of activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments).	Non-Operating and Net Investment (loss).		(155,563)		(8,712)
Statement of activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss).	Net investment losses.		(456)		(116)
Statement of Activities - Pension related changes other than periodic pension.	Pension-related changes other than net periodic costs.		-		-

Modified Net Assets

Statement of Financial Position - Net assets without donor restrictions.	Net assets without donor restrictions.		399,584		256,347
Statement of Financial Position - total Net assets with donor restrictions.	Net assets with donor restrictions.		2,386		2,548
Statement of Financial Position - Goodwill and other intangibles).	Intangible assets.		8,573		9,438
Statement of Financial Position - Related party receivable and Related party note disclosure.	Secured and Unsecured related party receivable.	-		-	
Statement of Financial Position - Related party receivable and Related party note disclosure.	Unsecured related party receivable.		-		-

Modified Assets

Statement of Financial Position - Total Assets.	Total Assets.		577,004		552,016
Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation.	Lease right-of-use asset pre-implementation.		6,442		6,595
Statement of Financial Position - Lease right-of-use asset liability pre-implementation.	Pre-implementation right-of-use leases.		21,069		20,896
Statement of Financial Position - Goodwill (and other intangibles).	Intangible assets.		8,573		9,438
Statement of Financial Position - Related party receivable and Related party note disclosure.	Secured and Unsecured related party receivable.	-		-	
Statement of Financial Position - Related party receivable and Related party note disclosure.	Unsecured related party receivable.		-		-

Net Income Ratio

Statement of Activities - Change in Net Assets Without Donor Restrictions.	Change in Net Assets Without Donor Restrictions.		143,237		(1,883)
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses).	Total Revenue and Gains.		218,855		189,325

	Costs as previously stated at 31 July 2021	Misallocation of costs in prior period	Cost restated at 31 July 2021
	£'000	£'000	£'000
Property, plant & equipment - pre-implementation	394,382	(16,097)	378,285
Property, plant & equipment - post-implementation without outstanding debt for original purchase	5,342	16,097	21,439
	399,724	-	399,724

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