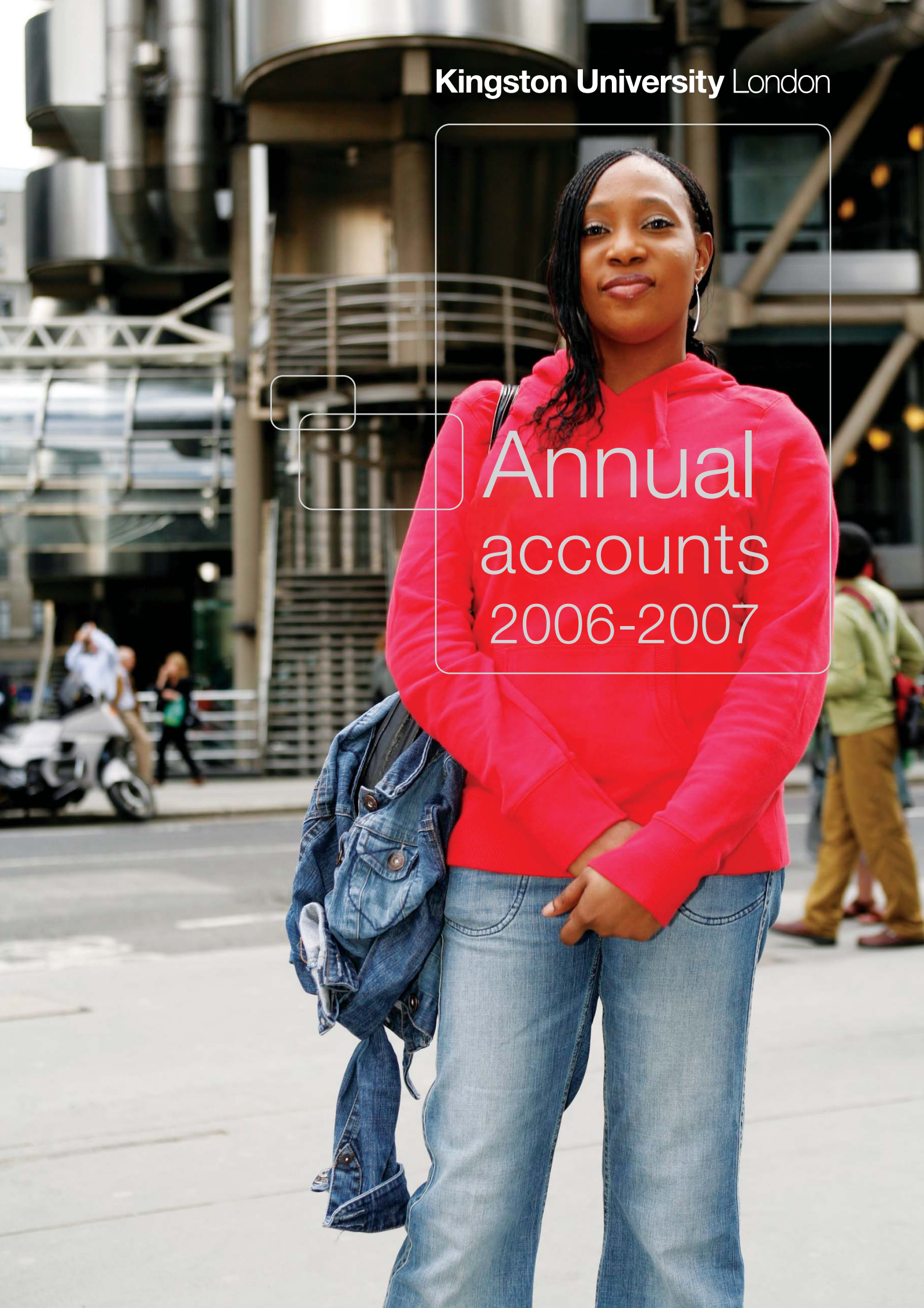


Kingston University London

Annual
accounts
2006-2007



CONTENTS

2	BOARD OF GOVERNORS' REPORT	
3	RESPONSIBILITIES OF THE BOARD OF GOVERNORS	
4	CORPORATE GOVERNANCE	
5	INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS	
6	CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT	1
6	CONSOLIDATED HISTORICAL COST SURPLUSES AND DEFICITS	
7	STATEMENT OF RECOGNISED GAINS AND LOSSES	
8	UNIVERSITY BALANCE SHEET	
9	CONSOLIDATED CASHFLOW STATEMENT	
10-29	NOTES TO THE ACCOUNTS	

BOARD OF GOVERNORS' REPORT

ON THE 2006/07 FINANCIAL STATEMENTS

1. SCOPE OF THE FINANCIAL STATEMENTS

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

2. RESULT FOR THE YEAR

The University's consolidated income and expenditure account for the year to 31 July 2007 is summarised as follows:

	2006/07 £000s	2005/06 £000s restated
Total Income	150,366	132,332
Total Expenditure	<u>(142,235)</u>	<u>(131,612)</u>
Surplus for the Year	<u>8,131</u>	<u>720</u>

Of the £18m increase in income £15.8m came from funding and fee income. The financial year 2006/07 saw the introduction of variable fees which accounted for £7.7m of the income increase. This increase enabled payments through the university's bursary scheme of £1.3m. Recurrent grant increased by £4.7m reflecting the continuing growth in home EU student numbers. Income from overseas students increased by £1.9m confirming the University's ability to continue to grow in this area. More modest increases were achieved in research contract income and other income generating activities.

Total expenditure increased by £10.6m with staff costs representing £7.1m, other operating expenses £2.0m, and depreciation £1.5m. Staff costs increased by 9% over the previous year of which 4% represented increased staff numbers to support growth in student number and other activities. The increase in other operating expenses was largely due to increased franchised costs, £1.4m, for activities in associate colleges although there were increases in other employee costs and academic expenses.

The overall surplus for 2006/07 being better than both budget and forecast outturn has enabled funds to be available for academic developments over the next three years with some plans already in place for action in the current year. The improvement in cash generated from operating activities has enabled the financing of capital expenditure without recourse to borrowing, although there was an overall decrease in the cash of £5.4m. The University put in place a borrowing facility of £35m from 1 August 2006 to finance the first three projects of the new University plan. This will be utilised as required in 2007/08.

3. CAMPUS DEVELOPMENTS

During 2006/07 the University reviewed its estates strategy following the non availability of a replacement site which was key to the New University Project. This review enabled the University to ensure that revised development plans were demonstrably aligned to its strategic priorities. The Campus Development Plan was considered by the Board of Governors in July 2007 and approval was given for the preparation of a development brief focused on three key projects with a development cost of £35m.

4. SUMMARY OF FINANCIAL DEVELOPMENTS

The financial year 2006/07 presented a number of uncertainties and challenges for the University.

The introduction of variable fees and bursary payments required careful consideration given the potential impact on student recruitment. The financial results endorse the University's approach to this development. The management of the three major capital works projects throughout the year to deliver an additional 12,000 square metres of academic space was a considerable challenge in the time available and the experience of handling a programme of this scale will inform the Campus Development Plan implementation. The University continued to increase its home, franchised and overseas student numbers during the year and expand its activities. Additional growth is reflected in future plans and it is essential that strong financial management continues to support these challenging objectives. The continuing growth is also important to enable investment in key areas of academic development and the University's assets.



Grenville Collings
Chairman of the Board of Governors



Peter Scott
Vice-Chancellor

RESPONSIBILITIES

OF THE BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

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

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiaries, and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988 and relevant accounting standards. In addition, within the terms and conditions of the Financial memorandum dated August 2006 agreed between the Higher Education Funding Council for England and the Board of Governors of Kingston University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which 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.

In causing the financial statements to be prepared, the Board of Governors has to ensure 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;
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that Kingston University will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and Further Education Funding Council, and Teacher Development Agency grants and income are used only for the purpose for which they have been given and in accordance with the Financial memorandum dated August 2006 with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that income has been applied in accordance with the Education Reform Act 1988;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of Kingston University and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the resources and expenditure of Kingston University and its subsidiaries.

CORPORATE GOVERNANCE

OF KINGSTON UNIVERSITY

As the governing body of Kingston University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the instrument of Governance for 'Kingston University Higher Education Corporation' which provides for Kingston University's Articles of Governance and the Financial Memorandum with the HEFCE.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place during the year ended 31 July 2007 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

- a. We meet at regular intervals six times a year to consider the plans and strategic direction of the institution.
.....
- b. We receive periodic reports from the chairman of the Audit Committee concerning internal control and risk management.
.....
- c. We have established a Risk Management Committee to oversee risk management, which met two times during the year, reporting to the Audit Committee as well as the University Executive.
.....
- d. The Audit Committee meets four times a year and receives regular reports from the Head of Internal Assurance and Advisory Services (formerly Internal Audit Services), which include an independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
.....
- e. A regular programme of facilitated risk workshops is held to identify and keep up to date the record of risks facing the organisation at both strategic and operational levels.
.....
- f. A risk prioritisation methodology based on risk ranking has been established in the identification and evaluation of risks.
.....
- g. A series of organisation-wide risk registers is now maintained on an on-going basis by nominated risk managers across the institution.
.....

- h. A programme of risk awareness training has also been started and will continue as part of the annual Risk Management programme.
.....
- i. A system of key performance and risk indicators has been developed and incorporated in detailed strategic and operational monitoring modules, which derive from risk registers across the institution; these modules track the progress made with implementing agreed actions for the mitigation of identified risks.
.....
- j. The process of risk management is fully embedded and integrated within the institution's planning processes, at both strategic (institutional) and operational (Faculty and Departmental) levels.
.....

Our review of the effectiveness of the system of internal control is informed by Internal Assurance and Advisory Services, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in February 2000. Internal Assurance and Advisory Services submit regular reports which include the Head of Internal Assurance's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

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

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF KINGSTON UNIVERSITY

We have audited the financial statements of Kingston University for the year ended 31 July 2007 which comprise the consolidated income and expenditure account, the consolidated balance sheet, the University balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses, the note of consolidated historical cost surpluses and deficits, the reconciliation of net cash flow to movement in net (debt)/funds and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors of the University, as a body, in accordance with the Financial Memorandum dated August 2006. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' 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 Board and the Board's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF GOVERNORS AND AUDITORS

As described in the responsibilities of the Board of Governors, the Board of Governors is responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by Kingston University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the Board of Governors' report is not consistent with the financial statements, if the University and the group has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Board of Governors' report, including the corporate governance statement, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF OPINION

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

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

OPINION

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2007 and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
.....
- (b) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
.....
- (c) in all material respects income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum, dated August 2006 with the Higher Education Funding Council for England.
.....

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans, UK

21 November 2007

CONSOLIDATED
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2007

	NOTES	2006/07 £000s	2005/06 £000s
INCOME			
Funding Council grants	2	68,599	63,829
Tuition fees and education contracts	3	54,789	43,691
Research grants and contracts	4	2,923	2,416
Other income	5	22,388	20,949
Endowment and investment income	6	1,667	1,447
Total Income		<u>150,366</u>	<u>132,332</u>
EXPENDITURE			
Staff costs	7	84,814	77,700
Other operating expenses	8	43,923	41,624
Depreciation	9-10	9,992	8,531
Interest payable		3,506	3,757
Total Expenditure		<u>142,235</u>	<u>131,612</u>
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	21	<u>8,131</u>	<u>720</u>

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

6

CONSOLIDATED STATEMENT OF
HISTORICAL COST SURPLUSES & DEFICITS

FOR THE YEAR ENDED 31 JULY 2007

	2006/07 £000s	2005/06 £000s (RESTATED)
Surplus on continuing operations before taxation	8,131	720
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	713	713
Historical cost surplus for the period before taxation	<u>8,844</u>	<u>1,433</u>
Historical cost surplus for the period after taxation	<u>8,844</u>	<u>1,433</u>

STATEMENT OF

TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2007

	2006/07 £000s	2005/06 £000s
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	8,131	720
Movement in restricted and endowment reserves	14	25
Reimbursement of inherited debt (capital element)	-	3,750
Adjustments associated with local government pension scheme:		
Actuarial gain/(loss)	7,105	(894)
Total recognised gains and losses for the year	<u>15,250</u>	<u>3,601</u>
Reconciliation		
Opening reserves and endowments	68,748	65,147
Total recognised gains and losses for the year	15,250	3,601
Closing reserves and endowments	<u>83,998</u>	<u>68,748</u>

BALANCE SHEET

AS AT 31 JULY 2007

		CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/06 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
	Notes				
Fixed Assets					
Tangible assets	9	165,455	155,085	146,671	136,197
Investments	9	<u>285</u>	<u>12,607</u>	<u>57</u>	<u>12,168</u>
Total fixed assets		165,740	167,692	146,728	148,365
Endowment Assets	10	1,557	1,557	1,546	1,546
Current Assets					
Stock	12	144	144	153	153
Debtors	13	8,758	8,996	5,303	5,564
Cash at bank and in hand		<u>25,111</u>	<u>21,442</u>	<u>30,540</u>	<u>27,373</u>
		34,013	30,582	35,996	33,090
Creditors: amounts falling due within one year	14	<u>(25,237)</u>	<u>(23,492)</u>	<u>(20,375)</u>	<u>(18,526)</u>
Net current assets		<u>8,776</u>	<u>7,090</u>	<u>15,621</u>	<u>14,564</u>
Total assets less current liabilities		176,073	176,339	163,895	164,475
Creditors: amounts falling due after more than one year	15	(32,415)	(32,415)	(31,193)	(31,193)
Net Assets excluding pension liability		143,658	143,924	132,702	133,282
Pension Liability	16	<u>(37,086)</u>	<u>(35,384)</u>	<u>(42,987)</u>	<u>(40,723)</u>
Net Assets including pension liability		<u>106,572</u>	<u>108,540</u>	<u>89,715</u>	<u>92,559</u>
Deferred capital grants	17	22,574	22,574	20,967	20,967
Endowment					
Specific	18	1,557	1,557	1,546	1,546
Reserves					
Revaluation reserve	19	57,348	57,348	58,061	58,061
Restricted reserve	20	113	113	110	110
General reserve	21	<u>62,066</u>	<u>62,332</u>	<u>52,018</u>	<u>52,598</u>
Total reserves excluding pension liability reserve		119,527	119,793	110,189	110,769
Pension liability reserve		<u>(37,086)</u>	<u>(35,384)</u>	<u>(42,987)</u>	<u>(40,723)</u>
Total reserves including pension liability reserve		<u>82,441</u>	<u>84,409</u>	<u>67,202</u>	<u>70,046</u>
TOTAL		<u>106,572</u>	<u>108,540</u>	<u>89,715</u>	<u>92,559</u>

The financial statements on pages 6 to 29 were approved by the governing body on 21st November 2007 and were signed on its behalf by:

Granville Collings
Chairman of the Board of Governors



Peter Scott
Vice-Chancellor and Chief Executive



CONSOLIDATED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2007

	NOTES	2006/07 £000s	2005/06 £000s
Cash flow from operating activities	22	19,003	8,009
Returns on investments and servicing of finance	23	(487)	(973)
Capital expenditure and financial investment	24	(25,086)	(2,791)
Financing	25	1,141	(2,275)
(Decrease)/Increase in cash in the period		<u>(5,429)</u>	<u>1,970</u>
Reconciliation of net cash flow to movement in net (debt)/funds			
(Decrease)/Increase in cash in the period		(5,429)	1,970
Movement in endowment asset		27	53
Change in net debt resulting from cash flows		<u>(1,601)</u>	<u>6,026</u>
Movement in net debt in period		(7,003)	8,049
Net (debt)/funds at 1 August		6,662	(1,387)
Net (debt)/funds at 31 July	26	<u>(341)</u>	<u>(6,662)</u>

NOTES TO THE

ACCOUNTS

YEAR ENDED 31 JULY 2007

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education.

A BASIS OF ACCOUNTING

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

B BASIS OF CONSOLIDATION

The University entered into joint arrangements with St George's Hospital Medical School on 1 January 1996 to set up a Joint Faculty of Healthcare Sciences.

As the Joint Faculty is a joint arrangement that is not a separate entity, income, expenditure, assets and liabilities are apportioned between the University and the Medical School under a strict contractual basis in accordance with Financial Reporting Standard 9.

The consolidated financial statements consolidate the financial statements of the University and all subsidiary undertakings, and, as stated above, the Joint Faculty, for the financial years to 31 July 2007 and 2006. The consolidated financial statements exclude the financial statements of Kingston University Students' Union (formerly Kingston University Guild of Students) as the Union does not constitute a subsidiary or quasi-subsidiary undertaking under the definitions of Financial Reporting Standards 2 and 5.

C TANGIBLE FIXED ASSETS

Land and Buildings

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

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

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

Other Tangible Fixed Assets

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

These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

D DEPRECIATION

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

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

Plant, machinery and other equipment has a capitalisation threshold of £1,000 and is depreciated on a straight line basis as follows:

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

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

E INVESTMENTS

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

F STOCKS

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

G GRANTS

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

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

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

H TAXATION STATUS

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

I OPERATING LEASES

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

J PENSION COSTS

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

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

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

K FINANCE LEASES

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

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

L ENDOWMENT ASSETS

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

M RESERVES POLICY

Revaluation Reserve: Upon achieving corporate status under the 1988 Education Reform Act the original value of the inherited assets and liabilities was transferred to capital reserves. Revaluation of inherited land and buildings was carried out in July 1993. The revaluation reserve includes these elements.

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

2. FUNDING COUNCIL GRANTS

Recurrent grant (including research element)
HEFCE specific grants
TTA
LSC (formerly FEFC) grant
Deferred capital grants released in year
Funding Council reimbursement of debt charges

2006/07	2005/06
£000s	£000s
59,009	54,550
3,008	3,155
2,755	2,798
669	388
3,158	2,579
-	359
<u>68,599</u>	<u>63,829</u>

3. TUITION FEES AND EDUCATION CONTRACTS

Full-time UK and EU students
Part-time UK and EU students
Channel Island students
Overseas full-time students
Overseas part-time students
NHS teaching contracts
Short course fees

2006/07	2005/06
£000s	£000s
25,551	16,392
3,729	3,639
309	209
13,838	12,239
1,030	752
8,629	8,687
1,703	1,773
<u>54,789</u>	<u>43,691</u>

4. RESEARCH GRANTS AND CONTRACTS

Research Councils
UK based charities
Other research grants and contracts

2006/07	2005/06
£000s	£000s
924	812
366	180
1,633	1,424
<u>2,923</u>	<u>2,416</u>

5. OTHER INCOME

Residencies and catering
Income from UK public bodies
Income from EU based organisations
Income from University shops
Income from sports facilities
Course validation fees
Knowledge transfer partnerships
Nursery fees
Field trips
Graduation ceremonies
Sale of teaching materials
Release from deferred capital grant
Release from endowment reserve
Other income

2006/07	2005/06
£000s	£000s
12,370	12,209
3,495	2,691
331	97
159	138
168	157
756	818
752	480
103	117
297	288
350	340
482	353
196	203
20	20
2,909	3,038
<u>22,388</u>	<u>20,949</u>

6. ENDOWMENT AND INVESTMENT INCOME

	2006/07 £000s	2005/06 £000s
Interest receivable	1,667	1,447
	<u>1,667</u>	<u>1,447</u>

7. STAFF

Staff Costs	2006/07 £000s	2005/06 £000s
Wages and salaries	70,241	65,280
Social security costs	5,240	4,832
Other pension costs	9,333	7,588
	<u>84,814</u>	<u>77,700</u>

Staff costs for the year include exceptional payments in respect of compensation for loss of office totalling £547,000 (2006:£444,000). Three such amounts totalling £138,560 were made on behalf of senior members of staff earning over £70,000.

Vice-Chancellor and Chief Executive

	2006/07 £000s	2005/06 £000s
Emoluments	178	163
Employer's contribution to pension fund	23	22
	<u>201</u>	<u>185</u>

Executive Managers

	2006/07 NO.	2005/06 NO.
£120,001 - £130,000	1	-
£110,001 - £120,000	1	1
£100,001 - £110,000	1	-
£90,001 - £100,000	5	3
£80,001 - £90,000	4	7
£70,001 - £80,000	7	6

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

	2006/07 NO.	2005/06 NO.
Executive, senior and academic staff	798	782
Research, language and teaching assistants	54	48
General and professional staff	1,038	993
	<u>1,890</u>	<u>1,823</u>

8. OTHER OPERATING EXPENSES

	2006/07	2005/06
	£000s	£000s
Residences, catering and conferences	6,515	6,660
Staff development	990	1,214
Recruitment costs	648	656
Other employee costs	1,502	1,270
Teaching materials	2,725	2,007
Academic equipment	1,338	906
Franchising costs	7,865	6,503
Other academic expenses	6,600	4,842
Utilities	1,332	1,054
Repairs and general maintenance	1,836	1,793
Other premises expenses	863	1,000
Grant to Kingston University Students' Union	554	528
Rent	1,270	1,016
Rates	256	277
Auditors' remuneration: audit services	61	52
Auditors' remuneration: non-audit services	11	72
Equipment hire	444	346
Other expenses	9,113	11,428
	<u>43,923</u>	<u>41,624</u>

9. FIXED ASSETS

Tangible Assets CONSOLIDATED	FREEHOLD LAND £000s	FREEHOLD BUILDINGS £000s	PLANT, MACHINERY, EQUIPMENT £000s	TOTAL £000s
Cost or Valuation				
Balance at 1 August 2006				
Valuation	27,842	37,875	-	65,717
Cost	5,032	96,929	51,064	153,025
Additions	-	23,022	5,733	28,755
Disposals	-	-	(619)	(619)
Balance as at 31 July 2007	<u>32,874</u>	<u>157,826</u>	<u>56,178</u>	<u>246,878</u>
Depreciation				
Balance at 1 August 2006	-	29,752	42,320	72,072
Charge in year	-	5,573	4,403	9,976
Disposals	-	-	(625)	(625)
Balance as at 31 July 2007	<u>-</u>	<u>35,325</u>	<u>46,098</u>	<u>81,423</u>
Net Book Value				
As at 31 July 2007	<u>32,874</u>	<u>122,501</u>	<u>10,080</u>	<u>165,455</u>
As at 31 July 2006	<u>32,874</u>	<u>105,052</u>	<u>8,745</u>	<u>146,671</u>
UNIVERSITY				
Cost or Valuation				
Balance at 1 August 2006				
Valuation	27,842	37,875	-	65,717
Cost	5,032	85,653	49,800	140,485
Additions	-	23,022	5,656	28,678
Disposals	-	-	(619)	(619)
Balance as at 31 July 2007	<u>32,874</u>	<u>146,550</u>	<u>54,837</u>	<u>234,261</u>
Depreciation				
Balance at 1 August 2006	-	28,736	41,269	70,005
Charge in year	-	5,460	4,336	9,796
Disposals	-	-	(625)	(625)
Balance as at 31 July 2007	<u>-</u>	<u>34,196</u>	<u>44,980</u>	<u>79,176</u>
Net Book Value				
As at 31 July 2007	<u>32,874</u>	<u>112,354</u>	<u>9,857</u>	<u>155,085</u>

As at 31 July 2007 the University had accrued approximately £459,000 (2006:£1,158,000) in respect of capital expenditure. The net book value of freehold buildings includes £9,241,000 (2006:£9,433,000) in respect of assets acquired under finance leases. The depreciation charge on these assets is £191,000 (2006:£191,000). Included in the net book value of freehold land and buildings are Exchequer Assets of £10,800,831 (2006:£8,978,000). These assets can be disposed of freely by the University, but initially the proceeds of any sale must be offered to the HEFCE. The HEFCE may allow the University to retain any proceeds and has the right to attach conditions to the use of these funds. The depreciation charge includes an impairment charge of £714k.

9. FIXED ASSETS (CONTINUED)

	SHARES IN SUBSIDIARY UNDERTAKINGS £000s	LOANS TO SUBSIDIARY UNDERTAKINGS £000s	OTHER INVESTMENTS £000s	TOTAL £000s
INVESTMENTS				
CONSOLIDATED				
As at 31 July 2007			285	285
As at 31 July 2006			57	57
UNIVERSITY				
At 1 August 2006	9,101	3,032	35	12,168
Additions	-	189	250	439
As at 31 July 2007	9,101	3,221	285	12,607

The investments consist of shares in and loans to the University's subsidiaries listed below, together with other unlisted investments. An investment in Kingston theatre of £250k was made in 2006/07 and is valued at cost.

SUBSIDIARY	PERCENTAGE OWNED	MAIN BUSINESS
Kingston University Enterprises Limited	100%	Trading and consultancy
Hadleigh Products Limited	100%	Property development
Kingston University Campus Enterprises Limited	100%	Vacation letting
Kingston University Service Company Limited	100%	Management of residencies and property services
Kingston University Innovations Limited	100%	Enterprise activity

10. ENDOWMENT ASSETS

CONSOLIDATED AND UNIVERSITY	FREEHOLD BUILDINGS £000s	ART COLLECTION £000s	TOTAL £000s
Dorich House building and art collection:			
Cost or Valuation			
Balance as at 1 August 2006	1,129	382	1,511
Balance as at 31 July 2007	1,129	382	1,511
Depreciation			
Balance at 1 August 2006	176	-	176
Charge in year	16	-	16
Balance as at 31 July 2007	192	-	192
Net Book Value			
Balance as at 31 July 2007	937	382	1,319
Balance as at 31 July 2006	953	382	1,335
Endowment Cash			
Balance as at 31 July 2007			238
Balance as at 31 July 2006			211
Total Endowment Asset			
Balance as at 31 July 2007			1,557
Balance as at 31 July 2006			1,546

11. IMPAIRMENT REVIEW

In accordance with FRS11 the University has conducted a review which concluded that there was material impairment of fixed assets relating to residential accommodation at our Kingston Hill site. This has resulted in an exceptional charge to the Income and Expenditure account of £714k.

12. STOCK

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Refectory	29	29	46	46
Bars	32	32	28	28
Materials	45	45	42	42
Building materials	22	22	18	18
Branded merchandise	16	16	19	19
	<u>144</u>	<u>144</u>	<u>153</u>	<u>153</u>

13. DEBTORS

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Trade debtors	3,828	2,771	1,894	1,692
Amounts owed by subsidiary undertakings	-	1,451	-	1,061
Accrued income	3,172	3,168	1,325	1,321
Other debtors	532	394	770	190
Prepayments	1,226	1,212	1,314	1,300
	<u>8,758</u>	<u>8,996</u>	<u>5,303</u>	<u>5,564</u>

14. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Amounts owed to subsidiary undertakings	-	-	-	154
Obligations under finance leases	416	416	278	278
Medium term loan facility	457	457	332	332
Trade creditors	6,985	6,437	4,516	4,149
Other creditors including tax and social security	8,168	8,088	6,575	5,859
Student deposits	221	221	246	246
Accruals	4,525	3,724	4,379	3,564
Tuition fees in advance	793	755	688	658
Deferred income	2,033	1,755	1,336	1,261
Deferred credit on revenue grants	1,639	1,639	2,025	2,025
	<u>25,237</u>	<u>23,492</u>	<u>20,375</u>	<u>18,526</u>

**15. CREDITORS - AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Obligations under finance leases	12,097	12,097	12,104	12,104
Medium term loan facility	9,870	9,870	10,325	10,325
Deferred income	3,598	3,598	3,714	3,714
Other loans	6,850	6,850	5,050	5,050
	<u>32,415</u>	<u>32,415</u>	<u>31,193</u>	<u>31,193</u>
Local Authority and Medium Term Loans	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Balance at 1 August	10,657	10,657	6,708	6,708
Capital repayments	(330)	(330)	(6,853)	(6,853)
New loans	-	-	10,802	10,802
Total loans outstanding at 31 July	<u>10,327</u>	<u>10,327</u>	<u>10,657</u>	<u>10,657</u>
Obligations under Local Authority and Medium Term Loans	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Obligations under loans fall due as follows:				
Within one year	374	374	332	332
In the second to fifth years inclusive	2,036	2,036	1,848	1,848
In over five years	7,917	7,917	8,477	8,477
	<u>10,327</u>	<u>10,327</u>	<u>10,657</u>	<u>10,657</u>
Obligations under Finance Leases	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Obligations under finance leases fall due as follows:				
Within one year	1,529	1,529	1,479	1,479
In the second to fifth years inclusive	6,981	6,981	6,436	6,436
In over five years	17,975	17,975	19,723	19,723
	<u>26,485</u>	<u>26,485</u>	<u>27,638</u>	<u>27,638</u>
Less finance charges allocated to future periods	(13,972)	(13,972)	(15,256)	(15,256)
	<u>12,513</u>	<u>12,513</u>	<u>12,382</u>	<u>12,382</u>

16. PENSION LIABILITY

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

CONSOLIDATED	LGSS 2007 £000s	LPFA 2007 £000s	TOTAL 2007 £000s	TOTAL 2006 £000s
Opening balance	(41,930)	(1,057)	(42,987)	(41,320)
Movement in year:				
Current service cost	(4,685)	(241)	(4,926)	(3,956)
Contributions	4,774	258	5,032	4,361
Other finance (cost)/income	(1,328)	18	(1,310)	(1,178)
Actuarial loss or Actuarial gain recognised in statement of total recognised gains and losses	6,582	523	7,105	(894)
Closing balances	<u>(36,587)</u>	<u>(499)</u>	<u>(37,086)</u>	<u>(42,987)</u>
UNIVERSITY				
Opening balance	(40,723)	-	(40,723)	(39,165)
Movement in year:				
Current service cost	(4,680)	-	(4,680)	(3,615)
Contributions	4,770	-	4,770	3,993
Other finance (cost)	(1,327)	-	(1,327)	(1,152)
Actuarial loss or Actuarial gain recognised in statement of total recognised gains and losses	6,576	-	6,576	(784)
Closing balances	<u>(35,384)</u>	-	<u>(35,384)</u>	<u>(40,723)</u>
17. DEFERRED CAPITAL GRANTS	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Balance at 1 August	20,967	20,967	16,306	16,306
Movements:				
Grants received	4,969	4,969	7,443	7,443
Release to income and expenditure account	<u>(3,362)</u>	<u>(3,362)</u>	<u>(2,782)</u>	<u>(2,782)</u>
Balance at 31 July	22,574	22,574	20,967	20,967
Amount to be released within one year	<u>(3,497)</u>	<u>(3,497)</u>	<u>(2,843)</u>	<u>(2,843)</u>
Amounts to be released after more than one year	<u>19,077</u>	<u>19,077</u>	<u>18,124</u>	<u>18,124</u>
18. ENDOWMENTS	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Balance at 1 August	1,546	1,546	1,509	1,509
Transfer from income and expenditure account	11	11	37	37
Balance at 31 July	<u>1,557</u>	<u>1,557</u>	<u>1,546</u>	<u>1,546</u>

These endowment funds relate to the Dora Hare Estate - £1,477k, Phillip Russell Scholarship - £69k and others £13k.

19. REVALUATION RESERVE

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Balance at 1 August	58,061	58,061	55,024	55,024
Reimbursement of principal on Local Authority Loans	-	-	3,750	3,750
Transfer to General Reserve:				
Difference between historical cost depreciation and actual charge for the period calculated on re-valued amount	(713)	(713)	(713)	(713)
Balance at 31 July	<u>57,348</u>	<u>57,348</u>	<u>58,061</u>	<u>58,061</u>

20. RESTRICTED RESERVES

		PRIZE FUND £000s	TOTAL £000s
Consolidated and University Balance at 1 August		110	110
Increase in restricted reserves		3	3
Balance at 31 July		<u>113</u>	<u>113</u>

21. MOVEMENT ON GENERAL RESERVE

	CONSOLIDATED 2006/07 £000s	UNIVERSITY 2006/07 £000s	CONSOLIDATED 2005/06 £000s	UNIVERSITY 2005/06 £000s
Income and expenditure account reserve at 1 August as restated	52,018	52,598	49,812	50,591
Surplus retained for the year	8,131	7,785	720	520
Transfer from pension reserve	1,204	1,236	773	774
Transfer from revaluation reserve	713	713	713	713
	<u>62,066</u>	<u>62,332</u>	<u>52,018</u>	<u>52,598</u>

22. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006/07 £000s	2005/06 £000s Restated
Surplus before tax	8,131	720
Interest payable	3,506	3,757
Interest receivable	(1,667)	(1,447)
Release of capital grant	(3,362)	(2,782)
Reimbursement of loan and debt charges	-	(182)
Depreciation	9,992	8,531
Loss on sale of assets	(6)	16
Increase in investments	-	(22)
Increase in stocks	9	(13)
Increase in debtors	(2,079)	(1,320)
Increase in creditors	5,048	879
Pension costs less contributions payable	(181)	(405)
Transfer of research grant to deferred credit	1,637	2,025
Release of revenue grant	(2,025)	(1,748)
	<u>19,003</u>	<u>8,009</u>

23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006/07 £000s	2005/06 £000s
Interest receivable	1,692	1,427
Interest paid	(949)	(1,151)
HEFCE reimbursement on LEA loans	-	182
Finance lease charges paid	(1,230)	(1,431)
	<u>(487)</u>	<u>(973)</u>

24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2006/07 £000s	2005/06 £000s
Purchase of tangible fixed assets	(28,273)	(10,850)
Deferred capital grant received	3,187	8,059
	<u>(25,086)</u>	<u>(2,791)</u>

25. FINANCING

	2006/07 £000s	2005/06 £000s Restated
LEA loan principal payment	-	(3,751)
HEFCE reimbursement of LEA loan principal	-	3,751
Medium term loan repayments	(328)	(3,102)
New loans obtained	1,800	1,050
Capital element on finance leases	(331)	(223)
	<u>1,141</u>	<u>(2,275)</u>

26. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	AT 1 AUGUST 2006	CASH FLOWS	OTHER NON CASH CHANGES	AT 31 JULY 2007
	£000s Restated	£000s	£000s	£000s
Cash at bank and in hand	30,540	(5,429)	-	25,111
Cash in endowment assets	211	27	-	238
Debt due within one year	(332)	328	(453)	(457)
Debt due after one year	(11,375)	(1,800)	455	(12,720)
Finance leases due within one year	(278)	331	(469)	(416)
Finance leases due after one year	(12,104)	-	7	(12,097)
	<u>6,662</u>	<u>(6,543)</u>	<u>(460)</u>	<u>(341)</u>

27. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	LEASES £000s	LOANS £000s	TOTAL £000s
Balance at 1 August 2006	12,382	10,657	23,039
Capital Repayments	(328)	(331)	(659)
New loans	-	2,260	2,260
Balance at 31 July 2007	<u>12,054</u>	<u>12,586</u>	<u>24,640</u>

28. OPERATING LEASE COMMITMENTS

At 31 July 2007 the Group was committed to making the following payments during the next year in respect of operating leases:

Leases which expire:

Within one year

In the second to fifth years inclusive

In more than five years

2006/07 LAND AND BUILDINGS £000s	2005/06 LAND AND BUILDINGS £000s
362	170
104	292
222	224
<u>688</u>	<u>686</u>

29. PRIVATE FINANCE TRANSACTIONS

£000s

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

Estimated capital value of scheme	21,861
Project agreement date:	23/05/02
Completion of building project and commencement of unitary charge	01/12/03
Contract end date	30/11/38

A unitary charge is payable for a period of 35 years from the completion of the building project on 1st December 2003. The annual charge for 2006/07 was £2,372,000. Estimated annual payments in the future are not expected to be materially different.

30 PENSIONS

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

There is a separate defined benefit pension scheme in operation for one of the subsidiary companies, KUSCO, the details of which are included below.

The total pension cost for the institution and its subsidiaries were:

	2007	2006	2005	2004
	£000s	£000s	£000s	£000s
Contributions to TPS	4,678	4,187	3,832	3,686
Contributions to LGSS	4,397	3,132	3,062	2,605
Contributions to other pension schemes	258	269	268	224
Total pension cost	<u>9,333</u>	<u>7,588</u>	<u>7,162</u>	<u>6,515</u>

LOCAL GOVERNMENT SUPERANNUATION SCHEME:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected Unit
Investment returns per annum	6.6%
Pension increases per annum	2.7%
Salary scale increases per annum	4.2%
Market value of assets at date of last valuation	£49.95million
Proportion of members' accrued benefits covered by the actuarial value of the assets	54.6%

LONDON PENSIONS FUND AUTHORITY:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected Unit
Investment returns per annum	6.8%
Pension increases per annum	2.7%
Salary scale increases per annum	4.2%
Market value of assets at date of last valuation	£3.122million
Proportion of members' accrued benefits covered by the actuarial value of the assets	75.8%

FRS17 – RETIREMENT BENEFITS

LOCAL GOVERNMENT SUPERANNUATION SCHEME

The following information is given in respect of the disclosure requirements of Financial Reporting Standard No. 17 "Retirements Benefits".

The main financial assumptions adopted were as follows:	2007 %	2006 %	2005 %	2004 %
a. Price inflation	3.3	3.1	2.7	2.9
b. Increases in salaries	4.8	4.6	4.2	4.7
c. Increases in pensions and deferred pensions	3.3	3.1	2.7	2.9
d. Discount rate	5.7	5.1	5.0	5.7

The fair values of each main class of assets held by the Fund as at 31 July 2007 and the expected rates of return from the ensuing year are set out in the following table:

	31 July 2007		31 July 2006		31 July 2005		31 July 2004	
	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %
Equities	218	7.9	191	7.4	174	7.4	144	7.9
Gilts	49	4.9	47	4.4	43	4.4	31	4.9
Property	27	6.9	20	6.4	17	6.4	5	7.0
Bonds	-	5.7	-	5.1	-	5.0	7	5.7
Cash	21	6.0	18	4.7	15	4.7	16	4.5
Total	315		276		249		203	

The overall deficiency relating to the University was as follows:

	31 July 2007 £m	31 July 2006 £m	31 July 2005 £m	31 July 2004 £m
Market value of scheme assets	66.9	57.5	48.5	39.6
Present value of scheme liabilities	(103.5)	(99.4)	(88.8)	(73.2)
Deficit in the scheme	<u>(36.6)</u>	<u>(41.9)</u>	<u>(40.3)</u>	<u>(33.6)</u>

Analysis of the amount charged to operating profit:

	31 July 2007 £m	31 July 2006 £m	31 July 2005 £m	31 July 2004 £m
Current service cost	4.7	3.8	3.1	2.7
Total operating charge	<u>4.7</u>	<u>3.8</u>	<u>3.1</u>	<u>2.7</u>

Analysis of the amount charged to other interest payable:

	31 July 2007 £m	31 July 2006 £m	31 July 2005 £m	31 July 2004 £m
Expected return on pension scheme assets	3.9	3.3	2.9	2.3
Interest on pension scheme liabilities	(5.3)	(4.5)	(4.3)	(3.6)
Net charge	<u>(1.4)</u>	<u>(1.2)</u>	<u>(1.4)</u>	<u>(1.3)</u>

Analysis of amount recognised in the Statement of Total Recognised Gains & Losses:

	31 JULY 2007 £m	31 JULY 2006 £m	31 JULY 2005 £m	31 JULY 2004 £m
Actual return less expected return on pension scheme assets	1.9	2.6	4.6	2.8
Experience gains and losses arising on the scheme liabilities	(0.1)	(0.1)	(3.5)	(0.8)
Effects of changes in assumptions underlying present value of scheme liabilities	4.8	(3.3)	(6.7)	(1.1)
Actuarial (loss) / gain	<u>6.6</u>	<u>(0.8)</u>	<u>(5.6)</u>	<u>0.9</u>

The movement in the deficit of the scheme is summarised as follows:

	31 JULY 2007 £m	31 JULY 2006 £m	31 JULY 2005 £m	31 JULY 2004 £m
Deficit as at 1 August	(41.9)	(40.3)	(33.6)	(33.6)
Contributions paid	4.8	4.1	3.3	2.9
Current service cost	(4.7)	(3.7)	(3.0)	(2.6)
Other finance charge	(1.4)	(1.2)	(1.4)	(1.3)
Actuarial (loss) / gain	6.6	(0.8)	(5.6)	1.0
Deficit as at 31 July	<u>(36.6)</u>	<u>(41.9)</u>	<u>(40.3)</u>	<u>(33.6)</u>

History of amounts recognised in the Statement of Total Recognised Gains and Losses:

	31 JULY 2007	31 JULY 2006	31 JULY 2005	31 JULY 2004
Difference between the expected and actual return on scheme assets (£m)	1.9	2.7	4.6	2.8
Percentage of scheme assets	2.8%	4.5%	9.4%	7.1%
Experience gains and losses on scheme liabilities (£m)	(0.2)	(0.1)	(3.5)	(0.9)
Percentage of the present value of the scheme liabilities	(0.1)%	(0.1)%	3.9%	1.2%
Total amount recognised in Statement of Total Recognised Gains and Losses (£m)	6.6	(0.8)	(5.6)	1.0
Percentage of the present value of the scheme liabilities	6.2%	(0.8)%	6.3%	1.2%

For the LPFA scheme operated by KUSCO Limited, the figures disclosed below have been derived from the actuarial valuation carried out by Hymans Robertson as at 31 July 2007. The main financial assumptions adopted as at 31 July 2007 were as follows:

	2007 %	2006 %	2005 %	2004 %
Price inflation	3.3	3.1	2.7	2.9
Salary increases	4.8	4.6	4.2	4.4
Increases in pension and deferred pension	3.3	3.1	2.7	2.9
Discount rate	5.8	5.1	5.0	6.5

The fair value of each main class of assets held by the active sub fund of the LPFA, and the expected rates of return from the ensuing year are set out as follows:

	31 July 2007		31 July 2006		31 July 2005		31 July 2004	
	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %	Fair Value £m	Expected Return %
Equities	1,449	7.9	1,226	7.6	1,389	7.3	1,093	7.9
Bonds	515	6.6	387	6.3	170	4.7	159	5.4
Property	315	7.0	238	6.7	120	5.4	105	6.7
Cash	75	5.1	157	4.8	82	4.5	17	4.5
Total	<u>2,354</u>		<u>2,008</u>		<u>1,761</u>		<u>1,374</u>	

The overall deficiency relating to the company was as follows:

	31 July 2007 £000s	31 July 2006 £000s	31 July 2005 £000s	31 July 2004 £000s
Market share of scheme assets	4,232	3,634	3,122	3,481
Value placed on liabilities	(4,731)	(4,691)	(4,116)	(4,920)
	<u>(499)</u>	<u>(1,057)</u>	<u>(994)</u>	<u>(1,439)</u>

Analysis of the amount that is charged to operating profit:

	2007 £000s	2006 £000s	2005 £000s	2004 £000s
Current service costs	241	224	190	162
Curtailment and settlements	-	10	44	11
Total operating charge	<u>241</u>	<u>234</u>	<u>234</u>	<u>173</u>

Analysis of the amount that is charged to other finance income:

	2007 £000s	2006 £000s	2005 £000s	2004 £000s
Expected return on pension scheme assets	261	217	264	237
Interest on pension scheme liabilities	(243)	(209)	(289)	(284)
Net charge	<u>18</u>	<u>8</u>	<u>(25)</u>	<u>(47)</u>

Analysis of amount that is recognised in the Statement of Total Recognised Gains & Losses:

	2007 £000s	2006 £000s	2005 £000s	2004 £000s
Actual return less expected return on pension scheme assets	184	145	(872)	2
Experience gains and losses arising on the scheme liabilities	-	(1)	2,612	11
Changes in assumptions underlying the present value of the scheme liabilities	339	(231)	(1,234)	(8)
Actuarial gain/(loss)	<u>523</u>	<u>(87)</u>	<u>506</u>	<u>5</u>

The movement in the deficit of the scheme is summarised as follows:

	2007 £000s	2006 £000s	2005 £000s	2004 £000s
Deficit as at 1 August	(1,057)	(994)	(1,439)	(1,419)
Current service cost	(241)	(224)	(190)	(162)
Contributions paid	258	250	198	195
Impact of settlements and curtailments	-	(10)	(44)	(11)
Net return on assets	18	8	(25)	(47)
Actuarial gains	523	(87)	506	5
Deficit as at 31 July	<u>(499)</u>	<u>(1,057)</u>	<u>(994)</u>	<u>(1,439)</u>

History of amounts recognised in the Statement of Total Recognised Gains and Losses:

	2007	2006	2005	2004
Difference between the expected and actual return on scheme (£000)	184	145	(872)	2
Percentage of scheme assets	(4.3%)	(4.0%)	(27.9%)	0.1%
Experience gains and losses on scheme liabilities (£000)	-	(1)	2,612	11
Percentage of the present value of the scheme liabilities	0%	0%	63.5%	0.2%
Total amount recognised in Statement of Total Recognised Gains and Losses (£000)	523	(87)	506	5
Percentage of the present value of the scheme liabilities	11.1%	(1.9%)	12.3%	0.1%

Honorary Graduates 2006-2007



Lord Richard Attenborough

Award-winning actor and director
Honorary Doctor of Arts



Dr Laima Andriekiene

Member of the European Parliament
Honorary Doctor of Business Administration



Fiona Banner

Artist
Honorary Doctor of Fine Art



Jenny Brown

Physiotherapist
Honorary Doctor of Science



Malcolm Brown

Geologist
Honorary Doctor of Science



Richard Deakin

Aerospace expert
Honorary Doctor of Engineering



Kyriakos Filippou

Greek economist
Honorary Doctor of Business Administration



James Irvine

Designer
Honorary Doctor of the University



Robert Jelly

Director of Education, Chartered Institute of
Management of Accountants
Honorary Doctor of Business Administration



Professor Vladimir Mau

Rector of the Academy of National Economy
in Moscow
Honorary Doctor of Business Administration



George Milonas

Greek economist
Honorary Doctor of Business Administration



Professor Bob Parfitt

Leading pharmaceutical industry executive
Honorary Doctor of Science



Dr Mads Tofte

Vice-Chancellor, IT University of Copenhagen
Honorary Doctor of Science



Sir John Tusa

Journalist
Honorary Doctor of Letters



Professor Cathy Warwick

Midwifery expert
Honorary Doctor of Science



Sandy Williams

Director of Kingston Readers' Festival
Honorary Doctor of Letters



Dr Anthony Yates

Entrepreneur
Honorary Doctor of Business Administration

Designer **Jasper Morrison** also became an Honorary Doctor of the University

Kingston University London

River House · 53-57 High Street · Kingston upon Thames · Surrey · KT1 1LQ

Tel: 020 8417 3244

Email: externalaffairs@kingston.ac.uk

www.kingston.ac.uk