

KINGSTON CITY GROUP
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2009

**Kingston City Group
Managing Director's Report
Year Ended 31 July 2009**

The Managing Director presents her report, together with the financial statements, for the year ended 31 July 2009.

Principal Activity

The principal activity of the consortium is the provision of internal audit and advisory services to Higher Education Institutions in London and the South East.

Results and Future Developments

The consortium broke even this year (2007-08 £nil). The Managing Director expects that the consortium will continue its principal activity for the foreseeable future.

Statement of responsibilities of the KCG Board Members

The Consortium Agreement requires directors (Kingston City Group Board members) to prepare financial statements for each financial year, in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the consortium as at the end of the financial year and of the profit and loss of the consortium for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the company will continue in business.

Each of the board members has taken all the steps necessary to make themselves aware of any relevant information needed by the auditors for the purposes of their audit and, to establish that the auditors are aware of that information. The board is satisfied that both they and the auditors are fully aware of all relevant audit information.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with clause 22 of the Consortium Agreement. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Kingston City Group
Managing Director's Report
Year Ended 31 July 2009**

Auditors

BDO LLP, as external auditors of the host member (Kingston University), have been appointed as external auditors of Kingston City Group.

Approved by the Board of KCG on 26 November 2009 and signed on behalf of the Board by:

A handwritten signature in black ink that reads "Maria Vetrone". The signature is written in a cursive style and is underlined with a single horizontal line.

**Ms M Vetrone
Managing Director**

**Independent Auditors' Report to the Members of
Kingston City Group for the
Year Ended 31 July 2009**

We have audited the financial statements of Kingston City Group (KCG) consortium for the year ended 31 July 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of KCG, as a body, in accordance with the Consortium Agreement. Our audit work has been undertaken so that we might state to the members of KCG 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 members of KCG as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of responsibilities of the KCG Board Members, the Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the consortium's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board Members; and the overall presentation of the financial statements.

**Independent Auditors' Report to the Members of
Kingston City Group for the
Year Ended 31 July 2009**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the KCG consortium's affairs as at 31 July 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, which would have applied had the KCG consortium been a company, and clause 22 of the Consortium Agreement.

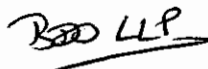
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



BDO LLP, statutory auditor
Epsom
United Kingdom

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

Date 26 November 2009

**Kingston City Group
Income and Expenditure Account
For the Year Ended 31 July 2009**

Income	Note	2009	2008
		£	£
Consortium income	1	921,895	785,898
Other income		11,756	11,627
Total income		<u>933,651</u>	<u>797,525</u>
 Expenditure			
Staff costs	2	790,502	635,265
Other operating expenses		143,149	162,260
Total Expenditure		<u>933,651</u>	<u>797,525</u>
 Surplus / (deficit)	 3	 <u>Nil</u>	 <u>Nil</u>

All results are derived from continuing operations.

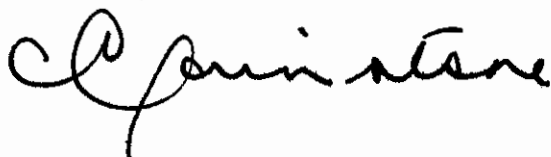
There were no recognised gains or losses or other movements in shareholder funds other than those shown above. Accordingly, no statement of total recognised gains and losses is given.

**Kingston City Group
Balance Sheet
As at 31 July 2009**

	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors:			
Trade debtors		161,527	96,489
Other debtors including tax and social security		-	5,240
Cash at bank and in hand		44,197	157,236
		<u>205,724</u>	<u>258,965</u>
CREDITORS			
Amounts falling due within one year:			
Amounts owed to host member		58,137	101,234
Trade creditors		1,868	24,810
Other creditors including tax and social security		143,690	130,957
Accruals		2,565	2,500
		<u>206,260</u>	<u>259,501</u>
Net Liabilities		<u>(536)</u>	<u>(536)</u>
Represented by :			
Income and expenditure account		(536)	(536)
		<u>(536)</u>	<u>(536)</u>

These financial statements were approved and authorised for issue by the Board of KCG on 26 November 2009 and signed on behalf of the Board by:

Ms C Mainstone



**Kingston City Group
Notes to the Accounts
Year Ended 31 July 2009**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular policies adopted are described below.

A Basis of Accounting

The financial statements have been prepared under the historical cost convention.

B Consortium Income

Consortium income represents the amounts billed and accrued for the services rendered excluding VAT. All income derives from the principal activity in the UK.

C Pensions

KCG staff belong to the Local Government Superannuation Scheme of which Kingston University (the host member) is an admitted body. The expected costs of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

D Cash flow statement

The consortium has taken advantage of the exemption from preparing a cash flow statement as permitted by the exemption for small entities FRS 1 (Revised).

2. STAFF AND DIRECTORS

The average number of employees (excluding directors) during the year was 10.

Salary costs were:	2009	2008
	£	£
Wages and salaries	610,007	487,444
Social security costs	55,623	44,343
Employer's pension contribution	124,872	103,478
	<u>790,502</u>	<u>635,265</u>
Remuneration in respect of directors was as follows:	2009	2008
	£	£
Salaries	93,035	82,750
Employer's pension contribution	18,706	17,548
	<u>111,741</u>	<u>100,298</u>

The consortium made pension contributions on behalf of one director.

**Kingston City Group
Notes to the Accounts
Year Ended 31 July 2009**

3. SURPLUS / (DEFICIT)

	2009	2008
	£	£
The surplus / (deficit) before and after taxation is stated after charging:		
Audit fees	<u>2,565</u>	<u>2,500</u>

4. PENSIONS

The pension scheme for employees of the consortium is the local government superannuation scheme which is a defined benefit scheme. Details of this scheme in accordance with FRS17 are disclosed in the accounts of the host member (Kingston University).

5. MEMBERSHIP OF KCG

Kingston City Group is equally owned by ten members as follows:

Kingston University
London Metropolitan University
Goldsmiths College, University of London
Heythrop College, University of London
School of Oriental and African Studies
London School of Hygiene and Tropical Medicine
Royal Veterinary College
Royal College of Music
University of Westminster
School of Pharmacy

**Kingston City Group
Notes to the Accounts
Year Ended 31 July 2009**

6. RELATED PARTIES

The consortium is equally owned by the ten members and the value of services provided to each during the financial year was as follows:

	2009	2008
	£	£
Kingston University	289,408	216,150
London Metropolitan University	179,255	158,111
Goldsmiths College, University of London	85,432	79,223
Heythrop College, University of London	20,117	15,680
School of Oriental and African Studies	49,822	43,214
London School of Hygiene and Tropical Medicine	53,612	44,821
Royal Veterinary College	36,439	34,712
Royal College of Music	25,906	23,266
University of Westminster	161,030	150,065
School of Pharmacy	20,874	20,656
	<u> </u>	<u> </u>



Kingston City Group (KCG) – is an Internal Audit Consortium operating as an Unincorporated Association formed by the founding Member institutions in August 2005.

The Members are Higher Education Institutions, a list of which is available at Millennium House, 21 Eden Street, Kingston upon Thames, Surrey, KT1 1BL, United Kingdom, the Consortium's principal office. Tel: Tel: 020 8417 2777 Fax: 020 8417 2789

The Members of KCG have also established **Kingston City Group Limited**, a Company Limited by Guarantee, to deliver services to non-Members of the Consortium. Kingston City Group Limited is wholly owned by KCG.