

**KINGSTON CITY GROUP  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2011**

**Kingston City Group  
Managing Director's Report  
Year Ended 31 July 2011**

The Managing Director presents her report, together with the financial statements, for the year ended 31 July 2011.

**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 (2009/10: £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 clause 22 of the Consortium Agreement 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 consortium 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 consortium 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 consortium and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Kingston City Group  
Managing Director's Report (continued)  
Year Ended 31 July 2011**

**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 24 November 2011 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 stroke.

**Ms M Vetrone  
Managing Director**

**Independent Auditors' Report to the Members of  
Kingston City Group for the  
Year Ended 31 July 2011**

We have audited the financial statements of Kingston City Group (KCG) consortium for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of members and auditors**

As described in the Statement of responsibilities of the KCG Board Members, the consortium's members are responsible for the preparation of the financial statements in accordance with clause 22 of the Consortium Agreement and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with 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 clause 22 of the Consortium Agreement. We also report to you if the consortium has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Managing Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report is made solely to the members of KCG, as a body, in accordance with the Consortium Agreement. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Consortium Agreement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the KCG's circumstances, consistently applied and adequately disclosed.

**Independent Auditors' Report to the Members of  
Kingston City Group for the  
Year Ended 31 July 2011  
(continued)**

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:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the KCG's affairs as at 31 July 2011 and of its results for the year then ended; and
- the financial statements have been properly prepared in accordance with clause 22 of the Consortium Agreement.



*BDO LLP,  
Epsom, Surrey  
United Kingdom  
Date*

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

Date *25 November 2011*

**Kingston City Group**  
**Income and Expenditure Account**  
**Year Ended 31 July 2011**

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<b>Income</b>	<b>Note</b>	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Consortium income	1	1,147,703	1,076,739
Other income		9,400	145
<b>Total income</b>		<u>1,157,103</u>	<u>1,076,884</u>
 <b>Expenditure</b>			
Staff costs	2	(1,026,306)	(926,335)
Other operating expenses		(130,797)	(150,549)
<b>Total Expenditure</b>		<u>(1,157,103)</u>	<u>(1,076,884)</u>
 <b>Surplus / (deficit)</b>	 3	 <u><u>-</u></u>	 <u><u>-</u></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.

The notes on pages 7 to 9 form part of these financial statements.

**Kingston City Group  
Balance Sheet  
Year Ended 31 July 2011**

	<b>2011</b>	<b>2010</b>
	£	£
<b>CURRENT ASSETS</b>		
Debtors:		
Trade debtors	322,298	155,688
Cash at bank and in hand	15,115	126,289
	337,413	281,977
<b>CREDITORS</b>		
Amounts falling due within one year:		
Amounts owed to host member	(176,474)	(161,637)
Trade creditors	(6,758)	(330)
Other creditors including tax and social security	(119,087)	(91,000)
Accruals	(35,630)	(29,546)
	(337,949)	(282,513)
<b>Net Liabilities</b>	<b>(536)</b>	<b>(536)</b>
Represented by:		
Income and expenditure account	(536)	(536)
	(536)	(536)

The notes on pages 7 to 9 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of KCG on 24 November 2011 and signed on behalf of the Board by:

Mr K Porter



**Kingston City Group  
Notes to the Accounts  
Year Ended 31 July 2011**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and clause 22 of the consortium agreement. 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 who are employed jointly by the consortium members, belong to the Local Government Superannuation Scheme of which Kingston University (the host member) is an admitted body. The expected cost of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is a liability of the consortium members and is disclosed in the financial statements of the host member.

**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 staff (excluding directors) during the year was 13.

Salary costs were:	<b>2011</b>	<b>2010</b>
	£	£
Wages and salaries	785,053	706,468
Social security costs	72,833	64,451
Consortium employer's staff pension contribution	168,420	155,416
	<u>1,026,306</u>	<u>926,335</u>

Remuneration in respect of directors was as follows:	<b>2011</b>	<b>2010</b>
	£	£
Salaries	95,223	94,540
Employer's pension contribution	19,416	19,006
	<u>114,639</u>	<u>113,546</u>

The consortium made pension contributions on behalf of one director.

**Kingston City Group  
Notes to the Accounts  
(continued)  
Year Ended 31 July 2011**

**3. SURPLUS / (DEFICIT)**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
The result before and after taxation is stated after charging:		
Audit fees	<u>3,396</u>	<u>2,750</u>

**4. MEMBERSHIP OF KCG**

Kingston City Group is equally owned by fourteen 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  
University of Kent  
Bournemouth University  
Roehampton University  
Southampton Solent University

**Kingston City Group**  
**Notes to the Accounts**  
**(continued)**  
**Year Ended 31 July 2011**

**5. RELATED PARTIES**

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Kingston University	228,398	217,339
London Metropolitan University	180,779	156,935
Goldsmiths College, University of London	65,023	66,439
Heythrop College, University of London	20,487	19,848
School of Oriental and African Studies	56,561	61,572
London School of Hygiene and Tropical Medicine	62,796	93,789
Royal Veterinary College	43,127	45,341
Royal College of Music	26,751	31,147
University of Westminster	154,985	201,404
School of Pharmacy	24,495	30,543
University of Kent	145,911	152,382
Bournemouth University	47,935	-
Roehampton University	44,536	-
Southampton Solent University	45,920	-
	<u>1,147,704</u>	<u>1,076,739</u>