

KINGSTON CITY GROUP
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2010

**Kingston City Group
Managing Director's Report
Year Ended 31 July 2010**

The Managing Director presents her report, together with the financial statements, for the year ended 31 July 2010.

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 (2008/09: £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 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 (continued)
Year Ended 31 July 2010**

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 25 November 2010 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 with a horizontal line underneath the name.

**Ms M Vetrone
Managing Director**

**Independent Auditors' Report to the Members of
Kingston City Group for the
Year Ended 31 July 2010**

We have audited the financial statements of Kingston City Group (KCG) consortium for the year ended 31 July 2010 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 company 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 2010
(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 2010 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 2010

Kingston City Group
Income and Expenditure Account
For the Year Ended 31 July 2010

Income	Note	2010 £	2009 £
Consortium income	1	1,076,739	921,895
Other income		145	11,756
Total income		<u>1,076,884</u>	<u>933,651</u>
Expenditure			
Staff costs	2	926,335	790,502
Other operating expenses		150,549	143,149
Total Expenditure		<u>1,076,884</u>	<u>933,651</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.

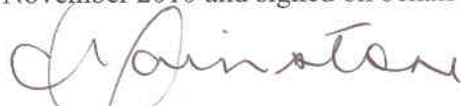
The notes on pages 7 to 9 form part of these financial statements.

**Kingston City Group
Balance Sheet
As at 31 July 2010**

	Note	2010 £	2009 £
CURRENT ASSETS			
Debtors:			
Trade debtors		155,688	161,527
Other debtors including tax and social security		-	-
Cash at bank and in hand		126,289	44,197
		<u>281,977</u>	<u>205,724</u>
CREDITORS			
Amounts falling due within one year:			
Amounts owed to host member		161,637	58,137
Trade creditors		330	1,868
Other creditors including tax and social security		91,000	143,690
Accruals		29,546	2,565
		<u>282,513</u>	<u>206,260</u>
Net Liabilities		<u>(536)</u>	<u>(536)</u>
Represented by :			
Income and expenditure account		(536)	(536)
		<u>(536)</u>	<u>(536)</u>

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 25 November 2010 and signed on behalf of the Board by:



Ms C Mainstone

**Kingston City Group
Notes to the Accounts
Year Ended 31 July 2010**

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 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:	2010	2009
	£	£
Wages and salaries	706,468	610,007
Social security costs	64,451	55,623
Consortium employer's staff pension contribution	155,416	124,872
	926,335	790,502
Remuneration in respect of directors was as follows:	2010	2009
	£	£
Salaries	94,540	93,035
Employer's pension contribution	19,006	18,706
	113,546	111,741

The consortium made pension contributions on behalf of one director.

Kingston City Group
Notes to the Accounts
(continued)
Year Ended 31 July 2010

3. SURPLUS / (DEFICIT)

	2010	2009
	£	£
The surplus / (deficit) before and after taxation is stated after charging:		
Audit fees	<u>2,750</u>	<u>2,565</u>

4. MEMBERSHIP OF KCG

Kingston City Group is equally owned by eleven 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

Kingston City Group
Notes to the Accounts
(continued)
Year Ended 31 July 2010

5. RELATED PARTIES

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

	2010	2009
	£	£
Kingston University	217,339	289,408
London Metropolitan University	156,935	179,255
Goldsmiths College, University of London	66,439	85,432
Heythrop College, University of London	19,848	20,117
School of Oriental and African Studies	61,572	49,822
London School of Hygiene and Tropical Medicine	93,789	53,612
Royal Veterinary College	45,341	36,439
Royal College of Music	31,147	25,906
University of Westminster	201,404	161,030
School of Pharmacy	30,543	20,874
University of Kent	152,382	-
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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: 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.