

Financial Statements 2015



Contents

	Page
Council membership 2014/2015	2
Operating and financial review	3
Public benefit statement	10
Corporate governance statement	11
Statement of Council's responsibilities	14
Independent auditor's report	15
Statement of principal accounting policies	16
Consolidated income and expenditure statement	18
Statement of total recognised gains and losses	19
Balance sheet	20
Consolidated cash flow statement	21
Notes to the accounts	22
Advisors	37

Council membership 2014/15

From 1 August 2014 to 31 July 2015 (up to and including 25 November 2015)

Independent Members

Professor Michael Spyer	Chair of Council
Mr Anthony Bicknell	
Mr Michael Draper	
Professor Barry Gusterson	
Mr Don Kennedy	
Ms Sue Rimmer	
Mr Christopher Smallwood	
Mr Michael Stevens	
Ms Catherine Swarbrick	
Mr Graham Turner	
Professor Julius Weinberg	
Professor Sir Nicholas Wright	
Mr Chris North	(Resigned 31st July 2015)

Internal Members

Professor Jenny Higham	(With effect from 1st November 2015) Principal
Professor Peter Kopelman	(Until 1st November 2015) Principal
Professor Nigel Brown	(With effect from 1st March 2015) Deputy Principal
Professor Mark Fisher	(With effect from 1st March 2015) Dean of Research and Enterprise
Professor Deborah Bowman	(With effect from 1st October 2014) Dean of Students
Professor Anne-Marie Reid	(With effect from 1st October 2015) Dean of Teaching and Learning
Professor David Strachan	(Appointed 1st October 2014) Elected member of academic staff
Mr Derek McKee	(With effect from 1st March 2015) Elected member of support staff
Mr Steven Gilbert	(With effect from 1st October 2015) Students' Union President
Professor Adrian Clark	(Retired 28th February 2015) Dean of Research and Enterprise
Professor Patricia Hughes	(Retired 30th September 2014) Dean of Staff and Students
Professor Andrew Kent	(Resigned 31st December 2014) Dean of Education
Ms Kea Horvers	(Resigned 31st December 2014) Elected member of support staff
Mr Dheemal Patel	(Resigned 31st July 2015) Students' Union President

In attendance

Mrs Sophie Bowen	University Secretary and Director of Academic Administration and Quality
Ms Susan Trubshaw	Head of Governance, Legal and Assurance Services and Clerk to Council
Mr John Unsworth	Finance and Corporate Services Director

Operating and Financial Review

Nature of the Institution

St George's, University of London (SGUL), whose forebear was established in 1733, is distinctive as the UK's only specialist medical and healthcare university. Its ability to achieve sustainable academic and financial success during this challenging time for higher education rests on its ability to innovate combined with its focus on its students, the excellence of its research and the dedication of its people.

SGUL shares its campus with St George's University Hospital NHS Foundation Trust (St George's NHS Trust) which further contributes to SGUL's distinctive character.

SGUL is ranked as one of the top 200 global universities in the Times Higher World Universities Rankings, a significant achievement for a university of its size and specialist nature.

Our mission is to advance, promote and share knowledge of healthcare through excellence in teaching, clinical practice and research into the prevention and treatment of illness.

SGUL provides a wide range of high quality undergraduate and postgraduate healthcare, medical and biomedical education courses to UK and international students. Degrees are offered in biomedical science, healthcare science, physicians' associate studies and undergraduate and graduate MBBS programmes in medicine.

SGUL awards degrees in paramedic science, diagnostic and therapeutic radiography, physiotherapy and Foundation degrees in nursing, social work, healthcare practice and breast imaging are offered through the Faculty of Health, Social Care and Education (FHSCE), in partnership with Kingston University.

Clinical teaching is provided at St George's NHS Trust and a number of other healthcare providers in London, Surrey and Sussex and internationally in the USA, in both hospital and community settings.

A growing focus on internationalisation has led to diversification of education income through a successful franchise of the MBBS with University of Nicosia and a joint venture offering a range of foundation and degree level medical and biomedical programmes with INTO University Partnerships.

We are recognised globally for the quality of our research which focuses on public health and epidemiology, infection and immunity, cardiology, stroke and neuroscience.

Our vision, values and strategic developments

Our 2020 vision is to be internationally recognised as a leading provider of healthcare and biomedical education, developing the healthcare professionals to meet today's healthcare needs and tomorrow's healthcare challenges.

SGUL will conduct world-leading research into global health issues to the benefit of patients locally, nationally and internationally. Our vision for education will flourish in a research-intensive environment because our students will benefit from being a part of world leading developments.

Our 2020 vision will be achieved in collaboration with national and international partners from education, research and health in both the private and public sectors.

Our values are:

Distinctiveness

We are the UK's only university dedicated to healthcare, medical and health sciences education, training and research. We jointly own and manage a Faculty of Health, Social Care and Education with Kingston University and we are co-located with St George's NHS Trust, the largest single-site hospital in London.

Diversity

We are positioned at the heart of the south west London community and we reflect and value the social and ethnic diversity of our local community;

We uphold an interdisciplinary approach to research, education and learning;

We are recognised for excellence in fair and widening access to a wide range of healthcare professions. This provides a strong base to extend our international student representation.

Dedication

We aim to apply the highest quality standards to all our teaching and research activities for the benefit of all of our students, our staff and our alumni.

We will continue to work hard to ensure that our students enjoy the best possible experience – educationally and socially while studying at SGUL. We enjoy a close relationship with our students with representatives on our academic committees and Council.

Our objectives remain:

- SGUL will be a leading specialist provider of healthcare and medical education, developing the people to meet today's healthcare needs and tomorrow's healthcare challenges;
- We will be at the heart of a system that is defined by its collaborative relationships with partners from education and health, the private and public sectors, notably St George's NHS Trust, Kingston University and INTO University Partnerships; and
- We will conduct research into global health issues which will translate into patient benefit, starting with the population of south London, through the Collaborations for Leadership in Applied Health Research and Care (CLAHRC) and extending to an international dimension.

Operating and Financial Review continued

Governance & Leadership

- The retirement of SGUL's Principal, Peter Kopelman, after seven years of successful leadership;
Professor Kopelman's achievements have been many and notably include a sustained commitment to strengthening SGUL's partnerships, leading the establishment of four academic institutes for Education and Research and investing in their growth with new appointments, initiating major international developments and invigorating SGUL to improve the quality of its estate to the benefit of staff and students.
- The appointment of a new Principal, Professor Jenny Higham of Imperial College, London.
Professor Higham was Vice Dean for Institutional Affairs and Director of Education in the Faculty of Medicine at Imperial College. The Faculty of Medicine is the largest of the academic groupings in the College and employs over 2,300 staff with a turnover in excess of £270m. She was also Senior Vice Dean of the Lee Kong Chian School of Medicine in Singapore.
- The new 2015 – 2020 strategic plan was approved;
- The Joint Implementation Board established with St George's NHS Trust continues to drive academic and operational synergies;
- Revised Scheme and Statutes were approved during the year by the University of London and Council.

The year's highlights

Education

- Student enrolments in September 2014 fully subscribed despite increased competition for places;
- Significant growth from the INTO St George's joint venture; student numbers increasing almost threefold;
- Significant and sustained growth in the FHSCE, 8% increase in income and a strong contribution to SGUL's results;
- New programmes developed to meet the changing medical landscape, including Genomic medicine, a Masters in physician's associate studies, Sports cardiology;
- Continued improvement in our National Student Survey scores; and
- Some significant improvements across the numerous HE performance league tables.

Research

- A good outcome from the 2014 Research excellence framework, ranked fourth among all UK universities for the global impact of our research;
- Starting to deliver the significantly increased academic and commercial benefits following the establishment of the three research Institutes in 2014;
- An award of up to £3 million to Professor Julian Ma from Sir Joseph Hotung for work on prevention of mother-baby transmission of HIV;
- A £2.5m NIHR award to Professor Mike Sharland for a clinical trial of antibiotic treatment for children with community-acquired pneumonia;
- A £1.5m NIHR award to Dr Tariq Sadiq to develop and test hand-held cartridges for rapid identification of infection and resistance;
- A £1m award to Dr Chris Cates from the Cochrane Collaboration Airways Systematic Reviews Group and
- Awards from the Technology Strategy Board (£350k) and SBRI Healthcare (£900k) to Drs Tim Bull and Kai Hilpert for the development of improved tests for bovine tuberculosis and mycobacterial infections.

Financial

- An operating surplus of £5.3m for the year, the strongest result for at least 10 years;
- A successful financial improvement programme, generating over £4m of income and cost improvements in the programme's second year;
- Further growth in our cash and investments to £26.9m, an improvement of £6.1m from last year;
- Our net debt reduced by 49% to £7.4m, net of cash and investments;
- Increased investment of £3.6m in Estates, IT and research equipment; and
- Public funding via HEFCE reduced to 24% of total income, reflecting a further move to student tuition fees and Government funding reductions.

Reputation

- Maintaining our position as a top 200 global institution in the Times Higher World Universities Rankings;
- A new entry in the Times & Sunday Times Good University guide; in the top 10 in London and 1st for UK graduate prospects;
- Included for the first time in the What Uni awards, entirely based on student reviews, top rated for job prospects.

Operating and Financial Review continued

Financial Review and results for the year

The financial year to 31 July 2015 has been exceptionally successful. We have achieved an operating surplus of £5.3m, the best result in recent times and compares with results close to break-even over the last five years. This is a strong result in a tough financial climate and is testament to the efforts of senior management and staff in both increasing our income from various sources and tightly controlling our operating costs.

The following table shows the improvement in results compared with the last five years:

Five year financial summary	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
Income	85,382	84,760	84,191	84,316	86,807
Expenditure	(84,958)	(84,559)	(83,998)	(84,642)	(81,562)
Exceptional Items:					
Sale of fixed Assets	1,000			363	
Restructuring Costs	(1,120)				
Changes in endowment funds	2	-	(139)	98	17
Total Surplus	306	201	54	135	5,262

We have achieved significant success from the three year financial improvement programme that we started in 2013-14. It has been very successful this year, delivering tangible improvements of at least £4m in the year. Our income has increased by £2.5m and costs have reduced by £3.1m in the year, reflecting a broadly balanced approach to financial improvement. It has focused on:

Improved revenue generation through growth in our international MBBS courses, investment in current and new courses, selective investment in research capability income and growing our income from non-academic activities;

Cost reduction by controlling our cost base across SGUL, tightly monitoring staff recruitment, reducing our support service costs to ensure they are at an appropriate level for our academic activity and ensuring strong financial management is in place;

The results continue to include adverse changes that we have been able to mitigate, including further HEFCE grant reductions of £350k in the July 2015 Government budget. We also incurred more modest restructuring costs of £410k this year, mainly from a voluntary severance programme.

Income analysis

Total income is 3% higher than last year at £86.8m, increasing to levels last achieved in 2009-10. The Government policy to redirect education funding to student fees from direct public funding still disadvantages SGUL due to the longer than average length of medical courses. This is reflected in the continuing and substantial shift from HEFCE teaching grant to student fees. Public funding from HEFCE now represents 24% of SGUL's income compared with 37% three years ago.

Research awards have now stabilised after a decline in recent years. Income was £11.6m in the year, 13% of total income (£11.6m, 14% in 2013-14). A further decline in income from charities reflects both the difficult financial climate that charities operate in and a gradual shift of grant applications into more viable funding sources. Encouragingly, there are continued increases in income from UK research councils and the EU.

The INTO St George's joint venture continues to move strongly ahead, with fee income growing threefold this year. Total student numbers have increased from 46 to 134, due to September 2014's higher intake and continued progression into later years as the programmes mature. We are seeing further strong growth in September 2015's intake.

The FHCSE, operated and managed jointly with Kingston University, continues to perform strongly, with SGUL's 50% share of income increasing by 8% to £13.6m. This comes mainly from increases in the numbers of students on the Foundation degree and childcare award. Income from the main NHS commissions has increased, in parallel with increased student numbers, but at a lower rate, reflecting tighter cost controls in the NHS.

The following table analyses income over the past two years:

Income	2014/15	2013/14	0% change
	£m	£m	
Funding Council Grants (HEFCE)	21.1	24.9	-15%
Academic Fees and Support Grants	28.3	25.2	12%
Research Grants and Contract	11.6	11.6	0%
Residences and Conferences	3.2	2.9	12%
Services Rendered, including NHS Trust	12.4	10.8	15%
Other Income	9.7	8.1	20%
Endowment Income and Interest Receivable	0.5	0.8	-38%
Total Income	86.8	84.3	

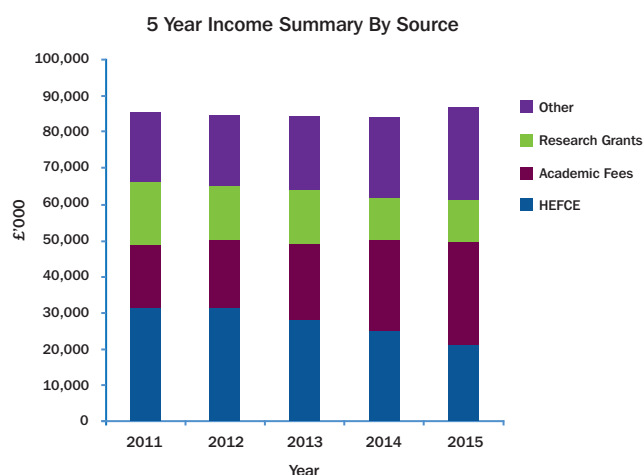
Operating and Financial Review continued

Five year income summary

The profile of income over the past five years shows the change in the fee regime with a smaller proportion of HEFCE fees and a higher proportion of student funded fees year on year.

Research income has reduced over this period and the creation of the Research Institutes will enable a more strategic approach to accessing significant grants that are closely aligned to SGUL's research strategy.

The chart below shows the categories of income over the past five years:



Expenditure analysis

Staff costs have reduced by 4.8%, despite an underlying increase in earnings. We have made selective investments in new staff to facilitate growth in later years, to enhance our student experience and to maintain service levels.

Since the financial year end a number of senior researchers have joined SGUL, reflecting our intent to invest in high quality grant funded research.

The Strategic Futures Programme, which established our education and research institutes, concluded during the year. Our staff numbers have reduced by 46, (6% of total). This was a consequence of Strategic Futures as we aligned our academic staff with the needs of the education and research institutes, a voluntary severance programme and through holding vacancies as we assessed the resource requirements to deliver our institutional aims.

Our non-pay operating costs reduced by 1% from last year, reflecting increased research activity offset by lower estates costs.

The following table analyses expenditure over the past two years:

Expenditure	2013/14	2012/13	% change
	£m	£m	
Staff costs	47.3	49.7	5%
Depreciation	5.9	6.3	-6%
Interest and other Finance Costs	1.2	1.2	0%
Other Operating Expenses	27.1	27.4	-1%
Total Expenditure	81.5	84.6	

Cash and capital expenditure

We continue to hold a good level of cash balances and investments, £26.9m at the year end. We generated £10.1m of cash from operating activities which enabled us to finance our debt finance costs of £2.4m and an increased capital investment programme spend of £2.3m, net of external funding. We have maintained £8.9m in stock market investments with Cazenove, our investment fund managers, the increase since last year of £0.3m reflecting market growth.

Our gross capital programme of £3.6m is £0.8m higher than last year, enabled by our increased surplus. We have invested across our Estate and have targeted selective investments in research equipment and in enhancing our student IT capability.

At the start of the year we improved some of our banking covenants to provide us with more flexibility and to structure the covenants in line with the requirements of Financial Reporting Standard 102 in 2015-16.

The financial outlook

Our primary financial challenge is to sustain our recent improvement by delivering a strong operating surplus in the coming year and improving this in future years. Our success this year and in the near future will enable us to invest in our UK and international education growth and research activity, through high quality academic and support staff and in developing our estate and IT physical infrastructure.

The financial outlook remains difficult with further reductions in HEFCE teaching and research grants in 2015-16. It is already clear that HEFCE grants have reduced more than £2m, in addition to the continued realignment of teaching grants and tuition fees.

We are planning in 2015-16 for a continued operating surplus which maintains our improvement from the breakeven results of recent years, although not at the levels of 2014-15 (which included some non-recurring income). Our capital programme has been maintained to invest in enhancing the student experience, sustain our IT and research support infrastructure.

Operating and Financial Review continued

Our cash resources have enabled us to embark on a major refurbishment of our internal space to bring together our education activities and research institutes and ensure a more effective use of space. We are working closely with the St George's NHS Trust to ensure that these changes are consistent with their own space needs.

We are also cognisant of significant strategic risks and opportunities within a changing Higher Education sector, including:

- Plans to introduce a Teaching Excellence Framework;
- Potential increases in fees through inflation adjustments, linked to quality measures;
- The employability and widening participation agendas;
- Possible removal of international student number cap for medicine;
- Visa and immigrations controls over international students.

These may have a material impact on our financial position and we will develop our response to these challenges as they materialise.

We have reviewed our financial forecasts against HEFCE's Memorandum of Assurance and Accountability and, despite the financial challenges we are well placed to deliver on a robust and financially sustainable financial plan.

Our strategic financial aim is to achieve an operating surplus of 5% of income, in line with current sector performance. We expect to achieve that through further development of our international business, continued growth from our partnerships with St George's NHS Trust and Kingston University and increased profitability from our commercial activities. This will all be underpinned by the imperative to tightly control our academic and support service operating costs.

SGUL's financial statements will change in 2015-16, in common with the whole HE sector, to reflect the requirements of Financial Reporting Standard 102. This will result in a significant change in the presentation of the financial statements.

International Activities/Joint Ventures

A key component of SGUL's strategic plan is to grow its international activities through:

- increasing the number of international students studying with us and broadening the student intake, taking advantage of our international reputation for educational excellence;
- strengthening our research portfolio by integrating our focused research strengths with international partners and students and by increasing post graduate research numbers;
- increasing and diversifying our sources of income relating to transnational education to generate an additional income stream to improve our long term financial sustainability; and

- Ensuring that our international medical courses, which are subject to the General Medical Council's quality assurance processes, remain successfully validated.

The significant investment in our new international markets is bearing fruit with student numbers increasing again in 2014-15, supported by our improving presence and reputation abroad. This increase is primarily driven through student intake via the INTO St George's partnership.

	2014-15			Total	2013-14			Total
	Home & EU Old Regime	Home & EU New Regime	Overseas		Home & EU Old Regime	Home & EU New Regime	Overseas	
Full time								
UG	938	1,495	184	2,617	1,371	1,034	113	2,518
PG	108	75	15	198	94	65	16	175
Total	1,046	1,570	199	2,815	1,465	1,099	129	2,693
Part time								
UG	116	5	-	121	251	12	-	263
PG	111	3	2	116	106	9	2	117
Total	227	8	2	237	357	21	2	380

Our international joint venture with INTO University Partnerships (IUP)

We established INTO St George's in 2011, a joint venture with IUP, a major private sector partner. IUP is a rapidly growing network of university-based study centres, offering new and high quality standards of preparation for undergraduate and postgraduate degrees in the UK and US. It has established a number of successful partnerships with other major universities, including 10 universities in the UK. INTO St George's remains its only joint venture in medical education.

Courses offered by INTO St George's include:

- pre university Foundation in Medical, Biomedical and Health Sciences, supporting recruitment to INTO St George's higher education international courses, which are integrated with other St George's courses;
- BSc Biomedical Sciences (International); and
- two international medical courses over four and six years leading to the degree of MBBS. The largely pre-clinical early years are offered at our campuses, with the clinical years taking place in the US and other agreed locations.

Recruitment to INTO St George's courses has grown well in autumn 2014 with 142 new and continuing students compared with 46 in 2013-14. This reflects good growth in new students and the increasing programme maturity as each year in the MBBS programmes progresses.

This is expected to increase further in 2015-16, with growth across all courses, from higher intake and progression through the academic years.

Operating and Financial Review continued

Agreements were signed during the year to confirm UK placements with local placement providers, a reflection of our continued strong local relationships in the health sector. There were further developments with prestigious medical schools in the USA; in addition to the arrangements with the Joan C Edwards School of Medicine, Marshall University in West Virginia we concluded an agreement with Sidney Kimmel Medical College, Thomas Jefferson University in Pennsylvania to work together on curriculum developments in medicine and, for TJU, population health.

These arrangements include clinical placements for international MBBS students, opportunities for student exchanges, collaboration in research and the development of an innovative medical course.

Our franchise with the University of Nicosia, Cyprus (UNic)

In September 2011, we franchised our 4 year Graduate Entry Programme to UNic's medical school. The first two years of the course are delivered at UNic's purpose built campus, with the clinical third and fourth years being delivered by clinical placement providers in Cyprus, Tel Aviv and Chicago, approved and accredited by SGUL and the General Medical Council.

Our primary roles within the franchise arrangements are to:

- quality assure the course and ensure compliance with SGUL regulations and UK Quality Assurance Agency Quality Code expectations;
- support programme activities and ongoing support for staff teaching the course in Cyprus and other locations;
- manage assessment and student conduct processes; and
- award the MBBS to successful graduates.

During the year we signed a new 25 year agreement, which further develops our relationship across similar programmes. This has enabled us to improve the franchise fees and profit share due to SGUL.

The programme continues to be successful with 91 students enrolled in autumn 2014, similar to last year. The first cohort from the programme graduated in summer 2015. In addition to our franchised graduate entry programme, we also signed an agreement to validate the MSc Family Medicine programme developed by UNic, which is expected to bring additional income to SGUL.

Faculty of Health, Social Care and Education

We will continue to support the requirements of Health Education England in undergraduate and postgraduate education and training. Such developments will involve our long standing partnership with Kingston University through the Faculty of Health, Social Care and Education. This produced further growth during the year, with our 50% share of income up 8% to £13.6m.

The income that comes from NHS commissions and the NHS workforce development contract is subject to increased NHS funding constraints and limits on the number of funded places on commissioned courses. We have been successful in increasing student recruitment despite the increased competition.

Staff costs have been maintained at similar levels to last year, just a 2% increase, enabling the income growth to contribute substantially to the surplus. We have maintained a tight control over course support costs and administrative overheads, which have reduced compared with last year.

The forward outlook is challenging, despite the good results, with downward pressure on NHS commission rates and increased competition for such commissions. We are investing to improve the student experience and to develop our research capability.

Other clinical and academic collaborations

We continue to develop closer collaborative working through the co-location and interdependence with St George's NHS Trust in the areas of education, research and shared services. The commitment to work together to shape, influence and lead the development of healthcare policy and organisation is articulated in a memorandum of understanding between the two organisations. This commitment and increased activity is supported through a Joint Implementation Board led by the respective Chairs of SGUL's Council and St George's NHS Trust.

St George's NHS Trust achieved Foundation Trust status in the year, which, in time, will bring tangible benefits for SGUL. The financial pressures across the NHS are placing pressure on the Trust, in common with other NHS trusts but our ambition to work more closely together is undimmed.

During the year we set up a joint clinical academic group in cardiology, which brings together St George's NHS Trust's cardiology care group and elements of SGUL's cardiology and cell sciences research institute. This shared vision is to unify clinical services and academic expertise so that patients can be offered the very best care and treatment and that high quality research and teaching in this area can be further developed in an integrated manner.

We have agreed during the year formal arrangements for the use of our shared estate to enable both organisations to benefit from the more effective use of space. SGUL has received increased income from this arrangement in 2014-15, which is likely to continue in the future.

We anticipate further collaborations around undergraduate and postgraduate health education and training in response to the requirements of the NHS and the developing ambitions to capitalise on opportunities for translational research through closer working partnership in cardiovascular medicine, neuroscience, foetal-maternal medicine and infection & immunity.

Operating and Financial Review continued

We, alongside local NHS Trusts, including St George's NHS Trust and the South West London and St George's Mental Health Trust, are members of Health Education South London (HESL) which is responsible for commissioning multi-professional education.

We are grateful to HESL who provided significant funding during 2014-15 to support SGUL in developing a state of the art simulation suite. This came into use during the year and is providing students with a real life environment for their clinical training.

We are also members of the Health Innovation Network, which brings together NHS Trusts, universities, clinical commissioning groups, the charity sector, local authorities, industry, patients and others to implement good practice and innovation across South London in a systematic and comprehensive manner.

Risk and uncertainties

The main risks facing SGUL are identified and monitored by the Risk Management and Efficiency Committee and reported to the Audit Committee and Council on a regular basis. The main areas of financial risk considered by the Committee during the year were:

- the challenges we face in terms of financial sustainability;
- the impact of funding changes from the regulator, HEFCE;
- the imperative to improve our student experience;
- the consequential impact on our ambitions to grow our student numbers;
- improving the financial position of our research Institutes, including grant awards;
- the financial and academic performance of the international joint venture with IUP; and
- Investment in our Estate and IT developments to enhance our student experience and operational sustainability.

These were mitigated during the year through regular and robust financial reporting to senior management, tight control over costs, especially given the in-year grant reduction by HEFCE, regular reviews by senior management of progress on the financial improvement programme, strong governance of the INTO St George's joint venture and regular reviews of our capital programme based on key IT and Estates improvements.

Public Benefit Statement

SGUL is an exempt charity under the terms of The Charities Act 2011. In setting and reviewing its objectives and activities, Council has due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

Our overall charitable aim is to advance learning and knowledge by teaching and research in medicine, nursing, midwifery, the allied health professions, biological sciences, the treatment of illness and any other subject or area as it should determine.

We are an internationally recognised specialist medical college of the University of London which provides an education to undergraduate and postgraduate students within an interdisciplinary environment, with an intake of more than 1,200 students each year from all courses. This education develops students academically and advances their interpersonal and leadership skills, thus preparing them to play full and effective roles within the healthcare field.

In particular, we provide:

- excellent teaching and clinical facilities, in collaboration with our partners in the SW London area and within a co-located hospital environment at St George's Healthcare NHS Trust; and
- social, cultural, musical, recreational and sporting facilities to enable each student to realise as much as possible of their academic and personal potential whilst studying.

We advance research through:

- providing researchers with outstanding research facilities. This research has direct benefits to patients, and has demonstrated longer-term socio-economic impacts with regard to the health, well-being, and quality of life of the general population;
- encouraging and sponsoring visits from outstanding academics and healthcare experts from both the UK and overseas; and
- encouraging and supporting the dissemination of research and healthcare advancements through lectures, seminars and the publication of papers in academic and professional journals or other suitable means.

We maintain an extensive healthcare library and archive (including important special collections), providing a valuable resource for students, researchers, alumni, academics and others by arrangement. The primary beneficiaries are the students, researchers, academic and NHS staff who are engaged in healthcare education, learning or research. However, beneficiaries also include the students, researchers and academics who have the opportunity to attend educational events and use our research and teaching facilities. The general public also directly benefit from our healthcare research and activities.

We admit students who have the highest potential for benefiting from the healthcare education that SGUL and its collaborative partners provide.

There are no ethnic, religious, geographic, socio-political and economic barriers and students, researchers and academics are drawn from the UK and abroad. We are rapidly increasing the number of international students to supplement our strong UK recruitment.

We are focused on maintaining an excellent reputation in a scientific, clinical and educational teaching and research portfolio; and attracting, retaining and nurturing the most talented students and staff.

Our three year 'Single Equality Scheme' is directly allied to our new 2015 - 2020 Strategic Plan. The scheme is an action plan designed to embed equality and diversity throughout all SGUL's work.

We operate an extensive outreach programme, to raise educational aspirations and attract outstanding applicants who might not consider a healthcare career, or in applying to the medical school. This programme includes educational school open days, admissions symposia for teachers, visits by current students to school and colleagues, residential summer schools for students from under-represented groups in HE, as well as guidance and information on our website for prospective applicants.

We offer a number of bursaries/awards each year to students who are entitled to student support. In addition, there is an extensive package of bursaries and support awards to provide selective help for students who are in financial difficulties.

SGUL holds open days, open lectures and seminars and similar events oriented to the local community and their engagement with SGUL.

We employ both clinical and non-clinical staff to enable it to fulfil SGUL's charitable purposes of advancing education, learning and research. We aim to ensure that all salaries, stipends and employment related benefits are objectively reasonable, compared to academic and clinical earnings generally; annual pay increases normally follow national settlements applying to the university sector. External members of Council receive no remuneration for their services.

Corporate Governance Statement

Introduction

St George's, University of London (SGUL) is committed to good practice in all aspects of corporate governance. SGUL complies with the provisions of the UK Corporate Governance Code (insofar as it relates to a higher education institution), the HEFCE Accounts direction requirements, the Memorandum of Assurance and Accountability, and also the Higher Education Code of Governance published by the Committee of University Chairs. This includes adherence to 'The Seven Principles of Public Life' (the Nolan Principles). Council has due regard to the Charity Commission's guidance on public benefit. In particular in delivering the objects of SGUL, the University meets the charitable purposes of the advancement of education, health training and research.

Council

Council is the governing body of the Institution and in exercising its role and powers undertakes to meet the obligations placed upon the Institution by SGUL's Scheme and Statutes, and on its members as Charity Trustees. The Scheme and Statutes, were recently reviewed and updated, and, following approval by the University of London, came into force on 30 September 2014. The objects, powers and framework of governance are set out in the Scheme and Statutes.

Council is responsible for the overall strategic direction of SGUL and for the finance, property investments and general business of the Institution, and is required to present audited financial statements for each financial year. The matters specifically reserved to Council for decision are set out in the Scheme and Statutes, by custom and under the Memorandum of Assurance and Accountability between HEFCE and Higher Education Institutions.

Council has a majority of members from outside SGUL (described as Independent members), from whom the Chair and Vice-Chair must be drawn. Members also include representatives of the staff of SGUL, and the student body. No Independent member receives any payment, apart from the reimbursement of expenses, for the work that they do for SGUL. The role of Chair of the Council is separate from the role of the Chief Executive, the Principal.

In compliance with the Higher Education Code of Governance, the Council has agreed a Statement of Primary Responsibilities which accords with the Schemes and Statutes of SGUL.

Senate

The Senate is the academic authority of the University and draws its membership entirely from the academic staff and the students of SGUL. Its role, subject to the Scheme and Statutes, is to direct and regulate the teaching and research work of SGUL.

Council Committees

The Council meets at least five times each year, and in 2014-2015 it met on seven occasions including an Away Day. There are supporting Committees of Council, which are formally constituted with written terms of reference and specified membership including a significant proportion of Independent Members. The Chair of Council is ex-officio on all Committees of Council except for the Audit Committee.

Specifically the Committees of Council are Audit Committee, Finance Committee (incorporating reviews of Investments and Estates), Nominations and Honorary Awards Committee, Remuneration Committee and Human Resources Committee.

Council and its Committees are currently chaired by independent members of Council, with the exception of the Human Resources Committee, which is chaired by the Deputy Principal. Council receives advice from the Strategy, Planning and Resources Committee, the executive management committee of SGUL and it also has oversight of the work of the Equality and Diversity Committee.

Audit Committee

The Audit Committee is entirely comprised of independent members appointed by Council from amongst its members, and co-opted independent members also appointed by Council.

The Audit Committee normally meets four times a year, with external and internal auditors invited to attend meetings as appropriate. The Committee considers detailed reports from the internal and external auditors and other relevant reports including any from HEFCE, together with recommendations for the improvement of the systems of internal control, value for money studies and management's response and implementation plans. It also monitors adherence to regulatory requirements.

Senior executives attend meetings of the Audit Committee as necessary but are not members of the Committee. The Committee meets the internal and external auditors once a year, without the presence of senior executives.

Finance Committee

The Finance Committee recommends to Council the annual revenue and capital budgets and monitors performance in relation to approved budgets. It supervises all matters relating to the finance, accounts and financial regulations of SGUL, the investment of funds, the receipt of income and the expenditure thereof, and the management of its investments and borrowings. The Finance Committee meets six times a year.

Corporate Governance Statement continued

Nominations and Honorary Awards Committee

In its recommendations to Council, the Nominations and Honorary Awards Committee, seeks to ensure diversity, breadth and continuity of expertise amongst the membership of Council. It also undertakes succession planning with respect to the membership, leadership of committees and advice on governance. It also seeks, considers and makes recommendations for the award of Honorary Fellowships and Honorary Degrees.

The Nominations and Honorary Awards Committee and Remuneration Committee (below) meet less frequently because of the more limited nature of their activities. These Committees make reports to Council following their meetings.

Remuneration Committee

The Remuneration Committee reviews and recommends the salary and conditions of service of the Principal, and the remuneration arrangements for senior staff. It also considers the arrangements for succession management and planning in relation to senior and leadership posts within SGUL.

Human Resources Committee

The Human Resources Committee considers proposals for all issues relating to the employment of staff and makes recommendations to the Council. The Human Resources Committee meets four times a year.

Equality and Diversity Committee

The Equality and Diversity Committee, meets at least four times a year and considers all issues of equality and diversity at SGUL, including issues arising from employee and student affairs. It makes recommendations for changes in SGUL's policies and monitors other matters. The Committee reports regularly to Council.

Strategy Planning and Resources Committee

The Council receives recommendations and advice in respect of its responsibilities from the Strategy, Planning and Resources Committee. This Committee's membership includes the Principal, Deans, and Directors of the Education and Research Institutes and Senior Administrative staff. The Committee meets at least nine times per year.

Internal Control and Risk Management

Council is responsible for ensuring that a rigorous system of internal control is maintained in accordance with the responsibilities assigned to Council in the Scheme and the Memorandum of Assurance and Accountability with HEFCE. This system supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which Council is responsible,

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mismanagement or loss. The system of internal controls 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. Council is of the view that the process has continued to identify, evaluate and manage significant risks throughout the year to 31 July 2015, and to the date of the approval of the annual Financial Statements.

Council has adopted a Risk Management Policy which identifies where the principal management responsibility rests for risk management. Council has, in conjunction with the Audit Committee:

- Reviewed the Risk Management Policy to ensure it continues to identify risk and evaluates the likelihood and impact and communicates this to management;
- Ensured that regular meetings of the Risk Management and Efficiency Committee have been held to develop policies and embed risk management processes into the organisation;
- Reviewed the risk register and reports of the Risk Management and Efficiency Committee;
- Ensured that the risk register clearly identifies the likelihood and impact of risks, and that responsibility for risks has been allocated, and the residual risk determined taking account of control mechanisms in operation;
- Requested the Audit Committee to provide advice on the effectiveness of the establishment and implementation of risk management procedures;
- Commissioned internal audits from Deloitte, SGUL's independent internal auditors. The audit planning is carried out jointly with senior executives and is based primarily on SGUL's risk register.

In 2014-15 further work has been undertaken to revise the strategic risk register and to develop an improved monitoring reporting framework for risk. This framework will be rolled out during 2015-16 and should be fully operational by the end of the academic year.

Council receives reports from the Chair of the Audit Committee concerning internal control, the outcome of all audits of SGUL's activities, including the reports from internal and external auditors and other agencies. Regular reports are received from senior executives on progress of key projects. In this way Council is assured that there is a sound system of internal control and that risk is considered as part of the normal management process.

Corporate Governance Statement continued

Effectiveness Reviews

Regular reviews with independent and elected members of Council are conducted. Key points from the reviews are presented to Council and an action plan agreed for the continuing improvement of the effectiveness of its operation. The Standing Orders of Council prescribe that an effectiveness review should be conducted every three years.

An effectiveness review of Audit Committee has been conducted in 2015. In comparison to the same review in 2013, Audit Committee's confidence has grown in relation to the controls governing Finance and Risk Management. This is reflected in the outturn for 2014-2015 and the implementation of the new Strategic Risk Monitoring and Reporting Framework.

Going Concern

After making appropriate enquiries, Council considers that SGUL has adequate resources to continue in operational existence for the foreseeable future. SGUL continues to adopt the going concern basis in preparing the Financial Statements.



24/11/15

Professor Michael Spyer
Chair of Council

Statement of Council's Responsibilities

In accordance with the Scheme and Statutes of St George's University of London (SGUL), the Council is responsible for the direction and management of SGUL's affairs and is required to present audited Financial Statements for each financial year.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of SGUL and enable it to ensure that the Financial Statements are prepared in accordance with the Scheme, the Statement of Recommended Practice in Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed with the Higher Education Funding Council for England, the Council, through the Principal, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of SGUL and of the surplus or deficit and cash flows for that financial year.

Council has ensured that, in preparing the Financial Statements:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- Financial Statements are prepared on the going concern basis since the Council is satisfied that SGUL has adequate resources to continue in operation for the foreseeable future.

In practice Council delegates responsibility to the Finance Committee for ensuring that proper accounting records are maintained and Financial Statements are prepared in accordance with generally accepted accounting practice.

Council, through the Principal and the Finance Committee, has taken reasonable steps to ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the Funding Council may from time to time prescribe. The Principal is responsible for advising the Council if, at any time, any action or policy under consideration by Council appears to the Principal to be incompatible with the terms of the Financial Memorandum agreed with HEFCE.

Council, through the Audit Committee, has taken reasonable steps to:

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of SGUL and to prevent and detect fraud; and
- secure the economical, efficient management of SGUL's resources and expenditure.

The key elements of the system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative divisions;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving significant capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee; and
- a professional firm appointed as Internal Auditors, whose annual programme is approved by the Audit Committee and endorsed by Council. The Internal Auditors provide the Council with a report on internal audits undertaken within SGUL and an opinion on the adequacy and effectiveness of the system of internal control, including internal financial control.

Any system of internal financial control can however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Independent Auditors Report – to the Council of St George's, University of London

We have audited the group and University financial statements (the "financial statements") of St George's, University of London for the year ended 31 July 2015 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, 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 Council, in accordance with the Charters and Statutes of the institution of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Council's Responsibilities set out on page 13 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on 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 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 Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements have been met.



Chris Wilson

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Date 27 November 2015

Statement of Principal Accounting Policies

1 Basis of Preparation

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of Investments, and in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2007, and applicable United Kingdom Accounting Standards.

The consolidated Financial Statements do not include those of the Students' Union because it is a separate independent charity, and it is not controlled by SGUL.

2 Basis of Consolidation

SGUL and Kingston University have a joint arrangement (referred to as the Faculty of Health, Social Care and Education) to provide education for nursing, midwifery, social work and other allied health professions under contracts with several NHS Strategic Health Authorities. Under the terms of the Joint Agreement, assets and liabilities are divided equally, and 50% of the value of the appropriate assets and liabilities has been included in the relevant Balance Sheet figures. The arrangement has been accounted for as a Joint Arrangement that is not an Entity in compliance with FRS9. Income arising from contracts with the NHS Strategic Health Authorities is recorded in the Income and Expenditure Account under Academic Fees and Support Grants (Note 2).

SGUL's consolidated Financial Statements also include its subsidiary undertakings, St George's Estates Limited, St George's Enterprises Limited, St George's Global Partners Ltd, which includes a 50% shareholding in INTO University Partnerships Ltd, and the Eleanor Peel Chair of Geriatric Medicine Fund for the financial year to 31st July 2015. The latter is a separate charity but is included because SGUL exercises effective control over the charity.

3 Recognition of Income

Income from HEFCE recurrent grants, tuition fees and education contracts is included in the Income and Expenditure Account in the period in which it is receivable.

Income from research grants and contracts is included to the extent of the expenditure incurred on an accruals basis during the year, together with any related contributions towards overhead costs.

Income from endowments and investments is credited to the Income and Expenditure Account on a receivable basis. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the Income and Expenditure Account to specific endowments. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

Non-recurrent grants from HEFCE or other bodies in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation

over the life of the assets. Other non-recurrent grants from HEFCE are recognised as income to the extent of the equivalent expenditure during the year.

4 Maintenance of Premises

Expenditure on maintenance is included as a charge in the year in which it occurs.

5 Pension Arrangements (see also note 25 to the accounts)

Pension schemes are accounted for in accordance with FRS17 "Retirement Benefits".

Defined contribution scheme contributions are charged to the Income and Expenditure Account as they become payable.

SGUL's principal schemes are the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Through the Faculty of Health, Social Care and Education, SGUL also participates indirectly with the Royal Borough of Kingston upon Thames Pension Funds via the Faculty's employees. The Schemes are defined benefit schemes and so provide benefits based on final pensionable pay. The assets of the Schemes are held separately from SGUL. Defined benefit multi-employer schemes, where SGUL is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, are accounted for as defined contribution schemes.

SGUL also participates in the National Health Service Superannuation Scheme. This is an unfunded scheme with statutory backing. As a result, the amount charged to the income and expenditure account represents the contributions payable to the Scheme in respect of the accounting period.

6 Tangible Fixed Assets

(a) Land and Buildings

Land and buildings are stated at cost. New buildings and whole building refurbishments are depreciated over a period of 50 years. Partial refurbishments including infrastructure upgrades are depreciated over a period of 10 years. SGUL has an interest in the equity of its leasehold properties, which was granted by the Secretary of State for Health and is now assigned to St George's NHS Trust. In the event of disposal of any of these properties, the majority of proceeds would revert to the Treasury. There are no outstanding financial obligations for land and buildings held under finance leases.

Buildings in the course of construction are accounted for at cost, based on the value of architect's certificates and other direct costs to 31 July 2015. They are not depreciated until they are brought into use.

Statement of Principal Accounting Policies

(b) Equipment and Furniture

Equipment costing less than £10,000 per individual item is written off to the Income and Expenditure Account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its estimated useful economic life as follows: -

Motor vehicles and other general equipment, 20% per annum

Equipment acquired for specific research or other projects, 20% per annum

Computer equipment, 33% per annum

Computer related software, 10% per annum

(or over the term of the grant)

(c) Leases

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

Where assets are acquired with the aid of a specific grant, the related grant is credited to a deferred capital grant account and released to income over the expected useful economic life of the asset.

7 Intangible Fixed Assets

Patents, licences, trademarks and other similar rights over assets are charged to the Income and Expenditure Account in full in the year in which they are incurred.

8 Investments

Listed fixed assets investments are included in the Balance Sheet at market value. Fixed asset investments that are not listed on a recognized stock exchange are carried at historical cost less any provisions for impairment.

9 Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

10 Taxation

SGUL is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, SGUL is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The trading subsidiary companies, St George's Enterprises Ltd and St George's Global Partners Ltd, are subject to corporation tax, whilst the non-trading and charitable activities are outside the scope of corporation tax.

SGUL is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the costs of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

11 Accounting for Charitable donations

(a) Unrestricted donations

Charitable donations are recognised in the accounts when a charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

(b) Endowment funds

Where charitable donations are to be retained for the benefit of SGUL as specified by donors, these are accounted for as endowments. There are three main types:

- unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of SGUL;
- restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and SGUL can convert the donated sum into income; and
- restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

(c) Donations of fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the Balance Sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

12 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

13 Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate of the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the Income and Expenditure Account.

Consolidated Income and Expenditure Account

for the period ended 31 July 2015

	Note	2014/15 £'000	2013/14 £'000
Income			
Funding Council Grants (HEFCE)	1	21,054	24,857
Academic Fees and Support Grants	2	28,712	25,185
Research Grants and Contracts	3	11,647	11,635
Other Operating Income	4	24,937	21,832
Endowment Income and Interest Receivable	5	457	807
Total Income: Group and share of joint ventures		86,807	84,316
Less: Share of income from joint ventures	23	(1,917)	(625)
Net Income		84,890	83,691
Expenditure			
Staff Costs	6	47,302	49,711
Depreciation	9	5,905	6,285
Interest and other Finance Costs	18	1,226	1,219
Other Operating Expenses	7	27,129	27,427
Total Expenditure: Group and share of joint ventures		81,562	84,642
Less: Share of joint ventures expenditure	23	(2,449)	(1,402)
Net expenditure		79,113	83,240
Surplus after depreciation of fixed assets at cost and before tax		5,777	451
Surplus on sale of fixed assets		-	363
Share of operating loss in joint venture	23	(532)	(777)
Taxation		-	-
Surplus for the year		5,245	37
Transfer from Accumulated Income in Endowment Funds	15a	17	98
Surplus for the Year Retained Within General Reserves		5,262	135

The consolidated income and expenditure of SGUL and its subsidiaries relates wholly to continuing operations.

Statement of Total Recognised Gains and Losses

for the year ended 31 July 2015

	Note	2014/15 £'000	2013/14 £'000
Surplus for the year		5,245	37
(Reduction in Value) / Appreciation of Fixed Asset Investments	15	275	(298)
Increase of Endowment Assets	10	199	116
Total recognised (Losses)/Gains since last year		5,719	(145)

This statement reconciles the movement in total net assets between Balance Sheet dates by adding back items taken direct to Endowments or Reserves.

	2014/15 £'000	2013/14 £'000
Reconciliation		
Opening reserves and endowments	25,916	26,061
Total recognised losses and gains for the year	5,719	(145)
Closing reserves and endowments	31,635	25,916

Balance Sheet

for the period ended 31 July 2015

	Note	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
Fixed assets					
Tangible Assets	9	67,848	67,848	70,110	70,110
Investments	9a	8,914	8,904	8,592	8,582
Investment in Joint Venture:					
Share of gross assets	23	1,002	-	603	-
Share of gross Liabilities	23	(2,925)	-	(2,004)	-
		74,839	76,752	77,301	78,692
Endowment asset investments	10	5,039	3,567	4,857	3,438
Current assets					
Stocks and Stores in Hand		3	3	4	4
Debtors	11	11,360	11,301	10,532	10,438
Cash at Bank and in Hand		17,991	17,878	12,164	11,984
		29,354	29,182	22,700	22,426
Creditors: amounts falling due within one year	12a	(26,304)	(26,549)	(24,614)	(24,714)
Net current assets		3,050	2,633	(1,914)	(2,288)
Total assets less current liabilities		82,928	82,952	80,244	79,842
Creditors: amounts falling due after one year	12b	(24,653)	(24,653)	(26,293)	(26,293)
Net assets		58,275	58,299	53,951	53,549
Represented by:					
Deferred capital grants	13	26,641	26,641	28,035	28,035
Endowments					
Permanent Restricted	14	2,649	1,176	2,549	1,129
Permanent Expendable	14	2,390	2,391	2,309	2,309
		5,039	3,567	4,858	3,438
Reserves					
Revaluation Reserve	15	496	496	221	221
General Reserve	15a	26,099	27,595	20,837	21,855
		26,595	28,091	21,058	22,076
Total funds		58,275	58,299	53,951	53,549

Principal: Professor Jenny Higham



24/11/15

Chair of Council: Professor Michael Spyer



Treasurer: Mr Michael Stevens



Reconciliation of Net Cash Flow to movement in Net Funds

	Note	2014/15 £'000	2013/14 £'000
Net Cash Inflow from Operating Activities	17	10,144	4,231
Returns on Investments and Servicing of Finance	18	(820)	(511)
Capital Expenditure and Financial Investment	19	(2,306)	(3,417)
Cash Inflow before Use of Liquid Resources and Financing		7,018	303
Financing	21	(1,192)	1,823
Increase in Cash		5,826	2,126

	Note	2014/15 £'000	2013/14 £'000
Increase in Cash		5,826	2,126
Net Cash movement		5,826	2,126
Decrease / Increase in Loans	21	1,192	(1,823)
Change in Net Debt		7,018	303
Net Debt at the start of the year	20	(14,458)	(14,761)
Net Debt at the yearend	20	(7,440)	(14,458)

Notes to the Accounts

for the period ended 31 July 2015

1 Funding council grants (HEFCE)

	2014/15 £'000	2013/14 £'000
Recurrent Grant	17,495	20,325
Specific Grants:		
Higher Education Innovation Fund	935	935
National Scholarship Programme	70	129
Deferred Capital Grants Released in Year		
Building	2,542	3,456
Equipment	12	12
Funding Council Grants (HEFCE)	21,054	24,857

2 Academic fees and support grants

	2014/15 £'000	2013/14 £'000
Full-time students charged home fees	14,176	11,508
Full-time students charged overseas fees	2,357	2,516
Part time fees	71	86
Education & Training funded by NHS	11,989	11,004
Short Courses Fees	119	71
	28,712	25,185

3 Research grants and contracts

	2014/15 £'000	2013/14 £'000
Research Councils UK	2,398	2,267
National Institute for Health Research	1,393	1,465
European Commission	2,069	1,734
Charitable Bodies	3,480	4,079
Industry and Commerce	737	726
Other	1,570	1,364
	11,647	11,635

Notes to the Accounts

for the period ended 31 July 2015 continued

4 Other operating income

	2014/15	2013/14
	£'000	£'000
Residences and conferences	3,192	2,866
Services rendered	12,447	10,802
Released from deferred capital grants	176	157
Other income	9,122	8,007
	24,937	21,832

5 Endowment income and interest receivable

	2014/15	2013/14
	£'000	£'000
Income From Endowment Asset Investments	65	75
Other Investment Income	392	732
	457	807

6 Staff costs

The average monthly number of persons employed during the period expressed as full time equivalent was:

	2014/15	2013/14
	Number	Number
Teaching and Research Activities	416	413
Teaching Support services	157	165
Income generating Activities	16	14
Catering and residences	1	2
Administration and Central services	135	164
Premises	25	24
Other	24	39
	774	821

Notes to the Accounts

for the period ended 31 July 2015 continued

6 Staff costs (continued)

Employment costs:

	2014/15 £'000	2013/14 £'000
Wages and salaries	39,180	40,845
Social Security costs	3,211	3,371
Other pension costs	4,911	5,495
	47,302	49,711
Teaching and Research Activities	26,436	27,849
Teaching Support services	10,844	11,570
Income generating Activities	787	384
Catering and residences	95	61
Administration and Central services	7,249	7,526
Premises	842	831
Other	1,049	1,490
	47,302	49,711

The number of staff including the Principal, who received emoluments in the following ranges, excluding employers' pension contributions, was:

	2014/15 Number	2013/14 Number
£100,001 - £110,000	6	6
£110,001 - £120,000	3	6
£120,001 - £130,000	6	2
£130,001 - £140,000	3	7
£140,001 - £150,000	6	3
£150,001 - £160,000	6	7
£160,001 - £170,000	5	4
£170,001 - £180,000	2	3
£190,001 - £200,000	1	1
£210,001 - £220,000	1	-
£220,001 - £230,000	-	1
£230,001 - £240,000	-	1
£250,001 - £260,000	1	-
	40	41

6 Staff costs (continued)

Emoluments of the Principal

	2014/15 £'000	2013/14 £'000
Salary	182	161
NHS Distinction Award	76	76
Pension Contributions	-	27
Total emoluments	258	264

Notes to the Accounts

for the period ended 31 July 2015 continued

7 Other operating expenses

	2014/15	2013/14
	£'000	£'000
Academic Departments	3,810	4,106
Research Grants & Contracts	3,135	2,199
Administration	2,189	1,527
Endowment Expenditure	13	102
Voluntary severance costs	410	678
Premises costs	6,671	8,061
Services Rendered costs	1,896	2,683
General Education Expenditure	4,343	4,197
Internal Auditors Remuneration	52	41
External Auditors Remuneration in respect of Audit Services	75	68
External Auditors Remuneration in respect of Subsidiaries	8	3
External Auditors Remuneration in respect of Other Services	60	38
Residences & Conferences Operating expenses	1,015	1,030
Grants to Student Union	228	229
Other Expenses	3,079	2,322
Hire of other assets - operating leases	145	143
	27,129	27,427

8 Surplus on continuing operations

	2014/15	2013/14
	£'000	£'000
The surplus on continuing operations for the period is made up as follows:		
Surplus for the year	5,741	876
Share of deficit in Joint Venture	(531)	(777)
St George's Enterprises Ltd surplus	26	3
The Eleanor Peel Chair of Geriatric Medicine surplus	26	33
	5,262	135

Notes to the Accounts

for the period ended 31 July 2015 continued

9 Tangible Assets

Consolidated & SGUL	Note	Freehold	Long leasehold	Equipment	Assets in the course of construction	Total
		£'000	£'000	£'000	£'000	£'000
Valuation/cost						
At 1 August 2014		27,576	81,890	14,001	524	123,991
Additions	19	165	1,635	1,067	776	3,643
Transfers		-	118	372	(490)	-
At 31 July 2015		27,741	83,643	15,440	810	127,634
Depreciation						
At 1 August 2014		2,955	40,159	10,767	-	53,881
Charge for year		553	4,694	658	-	5,905
Transfer		-	-	-	-	-
At 31 July 2015		3,508	44,853	11,425	-	59,786
Net book value						
At 31 July 2015		24,233	38,790	4,015	810	67,848
At 31 July 2014		24,621	41,731	3,234	524	70,110

9a Investments

	Note	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
At 1 August 2014		8,592	8,582	6,148	6,148
Additions at cost	19	-	-	2,300	2,300
Revaluation (unrealised)		101	101	464	454
Unrealised gain/(loss)		221	221	(320)	(320)
At 31 July 2015		8,914	8,904	8,592	8,582
Represented by:					
Investment Funds		8,914	8,904	8,592	8,582

Notes to the Accounts

for the period ended 31 July 2015 continued

The funds are invested on behalf of SGUL by Cazenove, investment fund managers, in accordance with an investment strategy agreed by SGUL's Finance Committee.

The investments at the financial year end were as follows:

Investment funds	2014/15 £'m	2013/14 £'m
UK equities	3.9	4.0
International equities	1.9	1.7
Hedge funds	1.4	0.7
Property	1.4	1.1
Cash/other	0.3	1.1
Total funds	8.9	8.6

Subsidiary companies

St George's Enterprises Ltd provides consultancy services to the medical sector on behalf of SGUL and holds investments in a spin out company. SGUL directly holds 2 ordinary shares of £1.

St George's Global Partners Ltd is an investment company that holds SGUL's interest in INTO St George's Hospital Medical School LLP, a joint venture with International University Partnerships Ltd. SGUL directly holds 1 ordinary share of £1.

St George's Estates Ltd is non-trading. SGUL directly holds 2 ordinary shares of £1.

All subsidiaries are registered in England and Wales and are 100% directly owned by SGUL.

Investments

Bridges Self- Management Ltd provides training & consultancy on stroke self-management to multidisciplinary health & social care teams. SGUL directly holds 9.75% of the ordinary shares of £1.

Helperby Therapeutics Group Ltd discovers and develops antibiotic resistance breakers. SGUL directly holds 500 D shares of £1, convertible on a change of control to 4% of the company.

BUGS Bioscience Ltd delivers a global platform for molecular surveillance of infectious diseases. SGUL holds, via St George's Enterprises Ltd, 35% of the ordinary shares of £0.00001.

Tika Diagnostics Ltd develops supplements to accelerate the growth of tuberculosis in cultures. SGUL directly holds 40% of the ordinary shares of £1.

All companies are registered in England and Wales. They have been created as start-up ventures and SGUL has no immediate plans to realise the value from its investments. These investments are included in the financial statements at original cost.

Notes to the Accounts

for the period ended 31 July 2015 continued

10 Endowment Asset Investments

	Note	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
At 1 August 2014		4,857	3,438	4,839	3,450
(Deficit) on activity	14	(17)	(17)	(98)	(98)
Unrealised gain on revaluations		199	146	116	86
At 31 July 2015		5,039	3,567	4,857	3,438
Represented by:					
Equities		3,303	2,328	3,211	2,263
Other funds		1,535	1,082	1,251	882
Cash and bank balances		201	157	395	293
Endowment asset investments		5,039	3,567	4,857	3,438

11 Debtors

	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
Trade Debtors	3,424	3,424	3,791	3,791
Research Grant balances	1,696	1,696	2,099	2,099
St. George's University Hospitals NHS Foundation Trust	1,995	1,995	2,364	2,364
Other debtors	2,799	2,724	1,240	1,146
Accrued Income	882	882	577	577
Prepayments	564	564	461	461
Amounts due from Subsidiary Undertakings	-	16	-	-
	11,360	11,301	10,532	10,438

12a Creditors: Amounts falling due within one year

	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
Bank Loans	1,209	1,209	1,192	1,192
Research grants and contracts	6,732	6,732	5,908	5,908
St George's University Hospitals NHS Foundation Trust	619	619	668	668
Other Creditors	14,227	14,256	14,638	14,511
Accruals and Deferred Income	3,517	3,517	2,208	2,208
Amounts due to Subsidiary Undertakings	-	216	-	227
	26,304	26,549	24,614	24,714

Notes to the Accounts

for the period ended 31 July 2015 continued

12b Creditors: Amounts falling due after one year

	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
Bank Loan - Barclays	13,893	13,893	14,268	14,268
Bank Loan - Santander	10,328	10,328	11,162	11,162
HEFCE Strategic Development Fund	432	432	863	863
	24,653	24,653	26,293	26,293

	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
The Barclays bank loan is payable as follows:				
In one year or less	375	375	359	359
Between one and two years	397	397	375	375
Between two and five years	1,316	1,316	1,256	1,256
In five years or more	12,180	12,180	12,637	12,637
Total	14,268	14,268	14,627	14,627

The Barclays bank loan is unsecured and has a fixed interest rate of 5.09% pa

	Consolidated 2014/15 £'000	SGUL 2014/15 £'000	Consolidated 2013/14 £'000	SGUL 2013/14 £'000
The Santander bank loan is payable as follows				
In one year or less	833	833	833	833
Between one and two years	833	833	833	833
Between two and five years	2,500	2,500	2,500	2,500
In five years or more	6,996	6,996	7,829	7,829
Total	11,162	11,162	11,995	11,995

The Santander bank loan is unsecured and has a fixed interest rate of 4.6% pa

Notes to the Accounts

for the period ended 31 July 2015 continued

13 Deferred capital grants

	Funding Council £'000	Other Grants £'000	Total £'000
Consolidated & SGUL			
Balance as at 1st August 2014			
Building	23,448	4,561	28,009
Equipment	20	6	26
Total	23,468	4,567	28,035
Grant Receipts:			
Building	711	511	1,222
Equipment	115	-	115
Total	826	511	1,337
Released to Income and Expenditure:			
Building (Note 1 and 4)	(2,367)	(170)	(2,537)
Released Against Non Capitalised Estates Works (Note 4)	(176)	(5)	(181)
Equipment (Note 1)	(12)	(1)	(13)
Total	(2,555)	(176)	(2,731)
Balance as at 31st July 2015			
Building	21,616	4,897	26,513
Equipment	123	5	128
Total	21,739	4,902	26,641

14 Endowments

	Consolidated			SGUL		
	Permanent Restricted £'000	Permanent Expendable £'000	Total £'000	Permanent Restricted £'000	Permanent Expendable £'000	Total £'000
Capital Value	2,387	3,184	5,571	1,014	3,184	4,198
Accumulated Income	162	(875)	(713)	115	(875)	(760)
At 1 August 2014	2,549	2,309	4,858	1,129	2,309	3,438
New endowments	-	19	19	-	19	19
Income for the Year	20	45	65	20	45	65
Expenditure for the Year	(2)	(80)	(82)	(2)	(80)	(82)
	18	(35)	(17)	18	(35)	(17)
Transfer between funds	-	-	-	-	-	-
Increase in market value	82	97	179	29	98	127
At 31 July 2015	2,649	2,390	5,039	1,176	2,391	3,567
Represented by:						
Capital Value	2,468	3,302	5,770	1,043	3,301	4,344
Accumulated Income	181	(912)	(731)	133	(910)	(777)
	2,649	2,390	5,039	1,176	2,391	3,567

Notes to the Accounts

for the period ended 31 July 2015 continued

15 Revaluation reserve

	Note	2014/15 £'000	2013/14 £'000
Movements on SGUL and the Consolidated revaluation reserve			
At 1st August 2014		221	519
Revaluation (unrealised)		275	(298)
At 31 July 2015		496	221

15a Movement on general reserve

	Note	2014/15 £'000	2013/14 £'000
At 1 August 2014		20,837	20,702
Surplus on continuing operations	8	5,245	37
Transfers from endowment reserves	8	17	98
At 31 July 2015		26,099	20,837

16 Capital commitments

	Note	2014/15 £'000	2013/14 £'000
Consolidated & SGUL			
Commitments approved but not contracted		2,862	905
Commitments contracted as at 31 July 2015		742	615

17 Reconciliation of consolidated operating surplus to net cash from operating activities

	Note	2014/15 £'000	2013/14 £'000
Surplus on general fund		5,262	135
Depreciation	9	5,905	5,927
Deferred Capital Grants released to Income	13	(2,731)	(3,628)
Realised loss on investments	9a	(322)	(144)
Unrealised gain on reserves	15	(275)	(298)
Investment Income	18	(412)	(708)
Share of Deficit in joint venture	23	532	777
Interest Paid on Bank Loan	18	1,232	1,219
Decrease in Stocks		1	1
Unrealised Foreign Exchange Loss		65	-
Other non-cash items		42	-
(Increase) / Decrease in Debtors	11	(828)	1,392
Increase / Decrease in Creditors (excluding loans)	12 & 12a	1,673	(442)
Net Cash Inflow from Operating activities		10,144	4,231

Notes to the Accounts

for the period ended 31 July 2015 continued

18 Return on investment and servicing of finance

	Note	2014/15 £'000	2013/14 £'000
Other Investment Income			
Income on Investments		336	617
Interest on Cash Deposits		76	115
Foreign Currency Exchange Loss		-	(24)
		412	708
Interest Paid on Bank Loan		(1,232)	(1,219)
Net Cash Outflow from Returns on Investment and Servicing of Finance		(820)	(511)

19 Capital expenditure and financial investment

	Note	2014/15 £'000	2013/14 £'000
Tangible Assets Acquired	9	(3,643)	(2,792)
Tangible Asset Disposals	9	--	687
Deferred Capital Grants received	13	1,337	988
Fixed Asset Investments in the year		-	(2,300)
		(2,306)	(3,417)

20 Analysis of changes in net debt

	At 1 August 2014 £'000	Cash flow 2014/15 £'000	At 31 July 2015 £'000
Consolidated & SGUL			
Cash at Bank and In Hand	12,164	5,826	17,990
Bank Loan	(26,622)	1,192	(25,430)
	(14,458)	7,018	(7,440)

21 Changes in financing during year

	2014/15 £'000	2013/14 £'000
Consolidated & SGUL		
Loan repayment in year	(1,192)	(920)
Bank Loan Drawn Down In Year	-	2,743
Net cash (outflow) /inflow from financing	(1,192)	1,823

Notes to the Accounts

for the period ended 31 July 2015 continued

22 Access funds

	2014/15 £'000	2013/14 £'000
Grant from HEFCE	-	70
Grants to students	-	(70)
Balance refundable to HEFCE	-	-

The HEFCE grants are available solely for students; SGUL only acts as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. This grant ended in 2014.

SGUL has introduced a student opportunity Fund in 2015 to replace the HEFCE grants. £41k was paid through this scheme in 2015 and is reported as Other Operating Expenses.

23 Investment in joint venture

SGUL owns a 50% interest in INTO St George's Hospital Medical School LLP, a joint venture established as a limited liability partnership. The interest is held on SGUL's behalf by its wholly owned subsidiary, St George's Global Partners Ltd. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the partnership's gross assets and liabilities are incorporated into the consolidated balance sheet of the institution and 50% of its net income and expenditure is reported in the institution's consolidated income and expenditure account.

	2014/15 £'000	2013/14 £'000
Income and Expenditure account - SGUL share		
Overseas tuition fees	1,714	212
Residences	164	67
Other income	39	346
SGUL share of Joint Venture income	1,917	625
Staff costs	254	131
Depreciation	32	24
Administration	78	102
Premises	343	366
General education expenditure	987	290
Other expenses	755	489
SGUL share of Joint Venture expenses	2,449	1,402
SGUL share of Joint Venture deficit	(532)	(777)
SGUL share of Joint Venture retained losses	(1,391)	(624)
	(1,923)	(1,401)
Balance Sheet - SGUL Share		
Fixed assets	151	123
Debtors	503	378
Cash & Bank balances	348	102
Creditors - amounts due within one year	(1,735)	(814)
Creditors - amounts due after more than one year	(1,190)	(1,190)
SGUL share of joint Venture net Liabilities	(1,923)	(1,401)

Notes to the Accounts

for the period ended 31 July 2015 continued

24 Related Party Transactions

SGUL enjoys a close relationship with Kingston University, St George's University Hospitals NHS Foundation Trust (St George's NHS Trust) and similar health providers and purchaser organisations that actively support medical education. Kingston University and St George's NHS Trust are represented on SGUL's Council. Income from these organisations is included within Other Operating Income – services rendered (Note 4) and the balance owed by St George's NHS Trust, being the most material, is set out in Note 11 and amounts due to St George's NHS Trust in Note 12.

The Faculty of Health, Social Care and Education provides education for nursing, midwifery and other allied health professions. The Dean of the Faculty is a member of the Strategy Planning and Resources Committee. Under the terms of the Joint Arrangement Agreement, the assets, liabilities, income and expenditure of the Faculty are divided equally between SGUL and Kingston University. SGUL's share of the gross income from the contract is recorded under Academic Fees and Support Grants in Note 2, and expenses are included under the appropriate expenditure headings.

The Students' Union is a separate legal entity registered with the Charity Commission. It is a related party through representation by its President on Council. SGUL provides space and an annual subvention to the Students' Union. The Students' Union provides hospitality services and items from its retail outlets to SGUL from time to time, for which a charge is made.

Transactions with Council Members are few and limited to reimbursement of expenses. Council Members complete a statement of related party interests each year detailing any entities for which they are a Director, Partner, Proprietor or Trustee and with which SGUL undertakes business.

25 Pension Schemes

SGUL participates directly in three pension schemes for its employees – the Universities Superannuation Scheme (USS), the Superannuation Arrangements of University of London (SAUL), the National Health Service Superannuation Scheme (NHSS) and, indirectly, participates in the Royal Borough of Kingston upon Thames' Teachers Pension scheme (TPS) and Local Government Pension Scheme (LGPS) through its joint activity with Kingston University. Each of these schemes is described below.

USS

USS is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

Standard mortality tables were used as follows:

Male members' mortality	S1NA {"light"} YoB tables - No age rating
Female members' mortality	S1NA {"light"} YoB tables - Rated down 1 year

Use of these mortality tables, as published by the Continuous Mortality Investigation, reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates.

Notes to the Accounts

for the period ended 31 July 2015 continued

The CMI 2009 projections, with a 1.25% pa long term rate, were also adopted.

The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 24.2 (26.3) years

Males (females) currently aged 45 26.2 (28.6) years

USS is a “last man standing” scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee’s role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme’s liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee’s funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of the scheme funding backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme’s liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme’s liabilities to a high degree.

Because it is not possible to identify SGUL’s share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 ‘Retirement benefits’ the scheme has been accounted for, in these Financial Statements as a defined contribution scheme.

At 31 March 2015, USS had over 147,000 active members and SGUL had 357 active members participating in the scheme.

The total pension cost for SGUL was £2,483,813 (2014: £2,676,330). This includes £ Nil outstanding contributions at the balance sheet date. The contribution rate payable by SGUL was 16% (proposed 18% from 1 April 2016) of pensionable salaries.

SAUL

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. Work on the latest valuation, looking at the position of SAUL at 31 March 2014, is ongoing and is expected to show that SAUL is in deficit.

The latest valuation was carried out as at 31st March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

Discount rate - Pre - retirement	6.80% p.a.
- Post - retirement	4.70% p.a.
General* Salary Increases	3.75% p.a. until 31 March 2014 4.50% p.a. thereafter
Retail Prices Index Inflation (“RPI”)	3.50% p.a.
Consumer Price Index Inflation (“CPI”)	2.80% p.a.
Pension Increases in Payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

* Additional Allowance is made for promotional salary increases.

Notes to the Accounts

for the period ended 31 July 2014 continued

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's asset was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of salaries respectively following the valuation. The above rates have been reviewed in the valuation as at 31 March 2014. It is proposed that, subject to formal confirmation, the employer rate increases to 16%

Because it is not possible to identify SGUL's share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these Financial Statements as a defined contribution scheme.

At 31 March 2015, SAUL had over 15,000 active members (2014: 14000) and SGUL had 153 active members participating.

The total pension cost for SGUL was £544,454 (2014: £603,644).

NHSS

The NHSS is funded centrally by the Treasury on a current cost basis. It is an unfunded, multi-employer scheme and as such it is likely that it is not possible to identify SGUL's share of the assets and liabilities and is therefore accounted for on a contributions basis. Surpluses or deficits which arise at future valuations may impact on SGUL's future contribution commitment. A formal valuation of the scheme last took place on 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis.

The Pension cost charged to SGUL'S Income and Expenditure Account for the year was £1,067.603 (2014:£1,116,612).

The contribution rate payable by SGUL was 14.3% (1 August 2014 – 31 March 2015: 14%)

SGUL had 139 active members participating in the scheme as at 31 March 2015.

Royal Borough of Kingston upon Thames Pension Fund

SGUL indirectly participates in the Royal Borough of Kingston upon Thames pension schemes, comprising the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), providing benefits based on final pensionable pay.

The TPS is a national, statutory, unfunded, defined benefit scheme and it is not possible to identify SGUL's share of the underlying assets and liabilities

The last valuation of the scheme as at 31 March 2012 revealed that the scheme was in deficit.

The employer's contribution rate is 14.1% (2013-14 14.1%) and the members' contribution ranges from 7.4% to 11.7% (2013-14 7.4% to 11.7%).

It is not practical to identify SGUL's share of the LGPS assets and liabilities on a consistent and reasonable basis so, as permitted by FRS 17 'Retirement benefits,' the scheme has been accounted for, in these Financial Statements as a defined contribution scheme.

LGPS currently has a deficit and whilst it is not possible to consistently and reasonably identify SGUL's share of this deficit, there is a potential liability in future years if the deficit continues. The last actuarial valuation was carried out by Hymans Robertson LLP Limited in July 2014.

The employer's contribution rate is 26.2% (2013-14 25.2%) and the members' contribution ranges from 5.5% to 7.5% (2013-14 5.5% to 7.5%).

The Joint Faculty of Health Social Care and Education had 74 active members participating in these schemes at 31 March 2015. (74 members at 31 March 2014).

26 Operating Leases

SGUL has entered into non-cancellable operating leases for its photocopiers. The charge to expenses for the year ended 31st July 2015 was £146k (included in Note 7). The total of future minimum lease payments under these non-cancellable operating leases for each of the following periods is:-

	Consolidated and SGUL 2014/15 £'000	Consolidated and SGUL 2013/14 £'000
Within 1 year	146	143
Between 1 and 5 years	-	146
	146	289

Advisors

Bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors:

Mills & Reeve LLP
Francis House
112 Hills Road
Cambridge CB2 1PH

Auditors:

Internal

Deloitte & Touche Public Sector
Internal Audit Limited
3 Victoria Square
Victoria Street
St Albans
Hertfordshire AL1 3TF

External

KPMG LLP
1 Forest Gate
Brighton Road
Crawley RH11 9PT

Investment managers:

Cazenove Fund Management Limited
12 Moorgate
London EC2R 6DA
Royal London Cash Management
55, Gracechurch Street,
London EC3V ORL

