



2017/18
Annual Report
and Financial Statements

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Strategic Review

Our Year in Highlights

2017/18



▲ August 2017

Professor Ma, Dr Drake and Dr Fuller were awarded over **£2million in European Commission Horizon Funding** for two research programmes focussed on **molecular farming**.

St George's is taking a leading role in both programmes, testament to our **internationally leading position in this field**.

For the second year running, St George's ranked the **best in the world for research influence**, measured by number of citations in the Times Higher Education World University Rankings 2018, the definitive list of the top 1,000 universities in the world.

▼ September 2017



▲ November 2017

The Pregnancy Blood Pressure Home Monitoring Team made up of doctors from both the university and the hospital won a **Health Service Journal award** for developing an app which came **top of the category, 'Using Technology to Improve Efficiency'**.

The St George's Archives and Special Collections were awarded a grant for more than **£120k from the Wellcome Trust**. The grant will be used to conserve, digitise and catalogue the post-mortem examinations and case books of St George's Hospital.

▼ December 2017



▲ October 2017

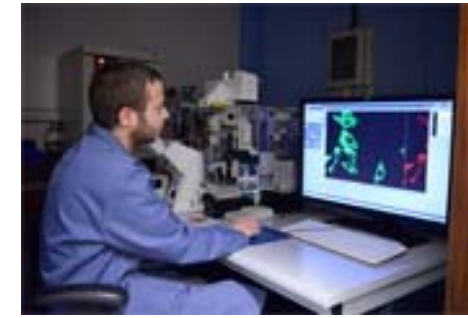
We welcomed our **first cohort of Occupational Therapy** students and staff and **opened** their dedicated teaching facility, **the Art of Living suite**. Students are encouraged to consider how OT can contribute to the changing face of health and social care and will complete their programme with the benefit of four very different placements across London.



▲ January 2018

St George's ranked **fourth in 'Best Student-Staff Ratio'** (non-Russell Group) on the Complete University Guide website.

The website says: "The more staff a university has in relation to its students, the more likely it is that students will get an engaging learning experience."



▲ February 2018

Our **Image Resource Facility** reopened after approximately three years of planning and **£300k of investment**.

Better microscopy facilities have the benefit of increasing research quality, student research facilities and income into the university.



▲ May 2018

Named the **best university in the country for graduate employability** in The Complete University Guide, for the **third year running**. The league table showed that 93.6% of our graduates go straight into employment or further study.

Professors Dot Bennett, Mary Chambers and Cilla Harries have been **appointed to Research Excellence Framework (REF) Assessment panels**.

These prestigious appointments show recognition of the university.

▼ March 2018



Final-year biomedical science student **Sarah Lasoye** elected as **Women's Officer for the National Union of Students**.

During her year in office she hopes to, among other things, fight the barriers women face when trying to progress into higher education

▼ June 2018



▲ April 2018

St George's received its **Athena SWAN Silver Award** from Advance HE in recognition of our commitment to equality, diversity and inclusion for the whole university community.



▲ July 2018

Third-year medicine student, **Leanne Armitage**, honoured with a **Queen's Young Leaders award** for her scheme, Leanne's Amazing Medics (LAM) that inspires and supports young people from under-represented backgrounds to pursue a career in medicine.

Strategic Review

Strategy and Stakeholders

Our Strategy

The start of 2017/18 saw the launch of our Strategic Plan 2017-2022, setting goals for our pursuit of excellence in medicine, healthcare and science.

Our strategy is structured around five strategic themes: Education and Students; Research Excellence and Impact; and Facilitating Excellence in - People and Partners; Environment and Sustainability; Operational Excellence.

The Strategic Plan 2017-2022 is available in full on our website.

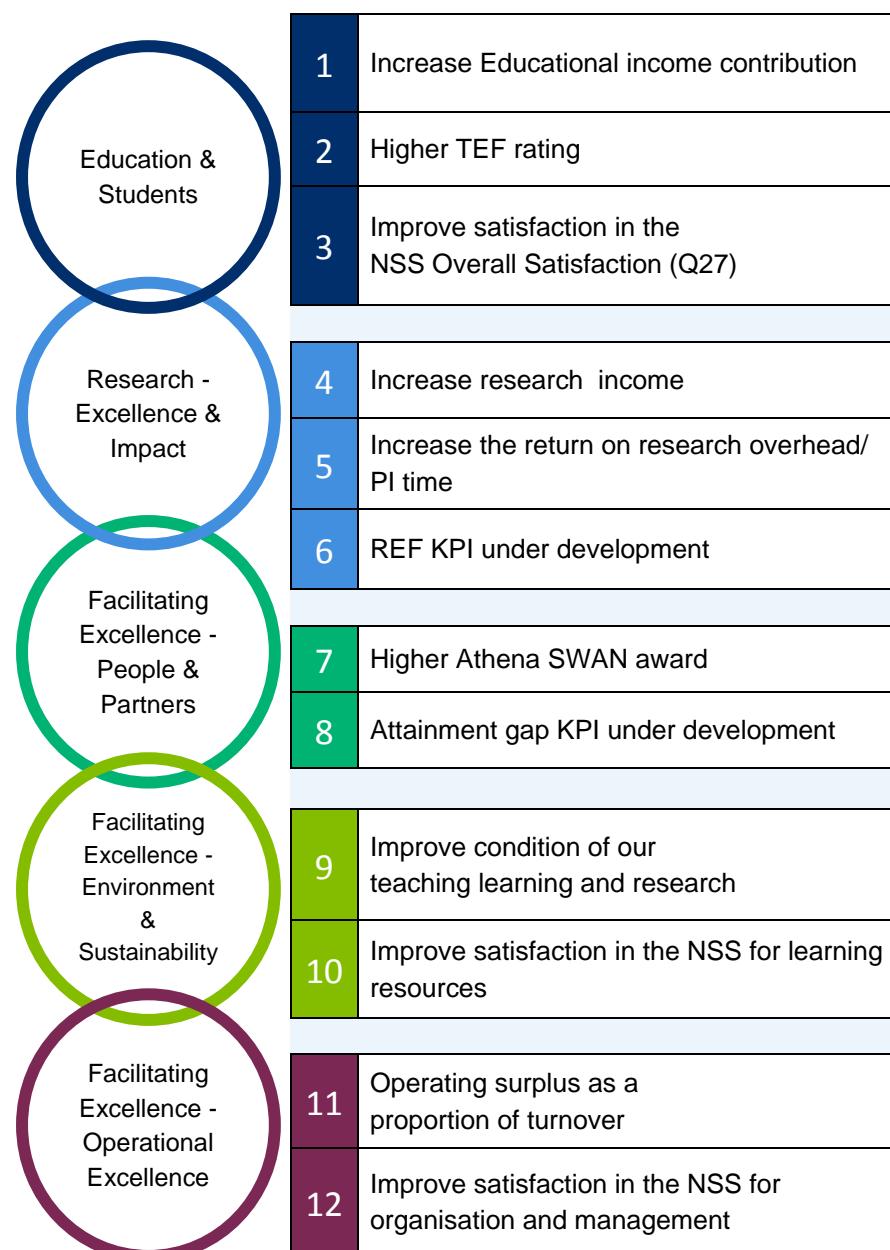
Our Operational Plan has since been developed in order to set out the detailed activities we will undertake to achieve the objectives set out in our Strategic Plan. A monitoring framework has also been established to provide Council with bi-annual updates on our progress and performance against our 12 KPIs.

Our Stakeholders

Being a diverse organisation, St George's works and interacts with an array of stakeholders whom we engage with in a variety of different ways.

Students

Our 4,977 students make up a diverse population from 82 countries. They are at the heart of many of our activities and business decisions and we seek to engage with our students in order to enhance teaching and learning, improve their experience and support them to reach



their full potential.

Our students' interests are reflected in several of our KPI targets, namely to achieve 90% satisfaction in the National Student Survey Overall Satisfaction (Q27) by 2020 and a further increase to 92% by 2022.

We engage with our students in a variety of ways, most formally through our governance structures. Students are asked to elect representatives who attend

student-staff liaison groups, providing a dedicated space for the student voice to be heard, acted upon and feedback on actions given. We also have student representation on Council, Finance Committee and on Education and Student Strategy Committee, facilitating conversations directly with senior management.

Strategic Review

Strategy and Stakeholders

Staff

Our 758 staff are vital to realising our ambitions. At St George's we look to support our staff in fulfilling their potential in a collaborative, inclusive and supportive community.

A key way we engage with our staff is through our regular "Meet the Principal" and "Townhall" all-staff events. These events provide an opportunity to learn about other areas of work at St George's, to hear the Principal's views on, and discuss, higher education matters, and to network with colleagues whom staff might not otherwise meet. We also hosted workplace pulse survey focus groups throughout October and November 2017 to assess our status with regards to staff development and career progression, following feedback in the first staff pulse survey.

Alumni

We have an engaged alumni community of more than 18,000. In 2017/18 nine events took place including a Comedy Reunion hosted by alumnus Paul Sinha. This event raised money for the St George's Annual Fund which supports a variety of student grants, initiatives and support schemes. To ensure we can continue to effectively engage with our alumni, the Development and Alumni Relations office have recently invested in the modernisation of our alumni database system.

The Office for Students

The Office for Students (OfS) replaced the Higher Education Funding Council for England as

the sector's regulator on 1 April 2018.

We successfully met their conditions to be included in their list of registered providers of higher education in July 2018 and we look forward to developing our relationship with the OfS as they become more established.

St George's University Hospitals NHS Foundation Trust

We hold a unique relationship with SGUHFT, with whom we share our campus. Our close partnership provides continuous clinical insight that helps keep our research and teaching relevant to evolving healthcare needs.

We engage with SGUHFT both formally through reciprocal membership on each other's board, and less formally through day to day activities across education and research. 2017/18 saw the re-launch of the Joint Implementation Board, providing an improved engagement with SGUHFT and discussion of both strategic and operational matters.

Our Local Community

Our campus is located in Tooting, south London, and we are proud of the strong connections we have grown with the vibrant local community here.

Much of our engagement with the local community supports our widening participation and outreach work, where we aim to increase representation in our student population from typically under-represented groups. Key

activities are our school and college events, supported by our student ambassadors who act as role models, talk about their own experiences of higher education and encourage local students to aim high.

Our "Spotlight on Science" series promotes understanding of research to members of the public and illuminates how it affects our everyday lives. The aim is to engage with the local public at these events and to widen participation and engagement with St George's activities.

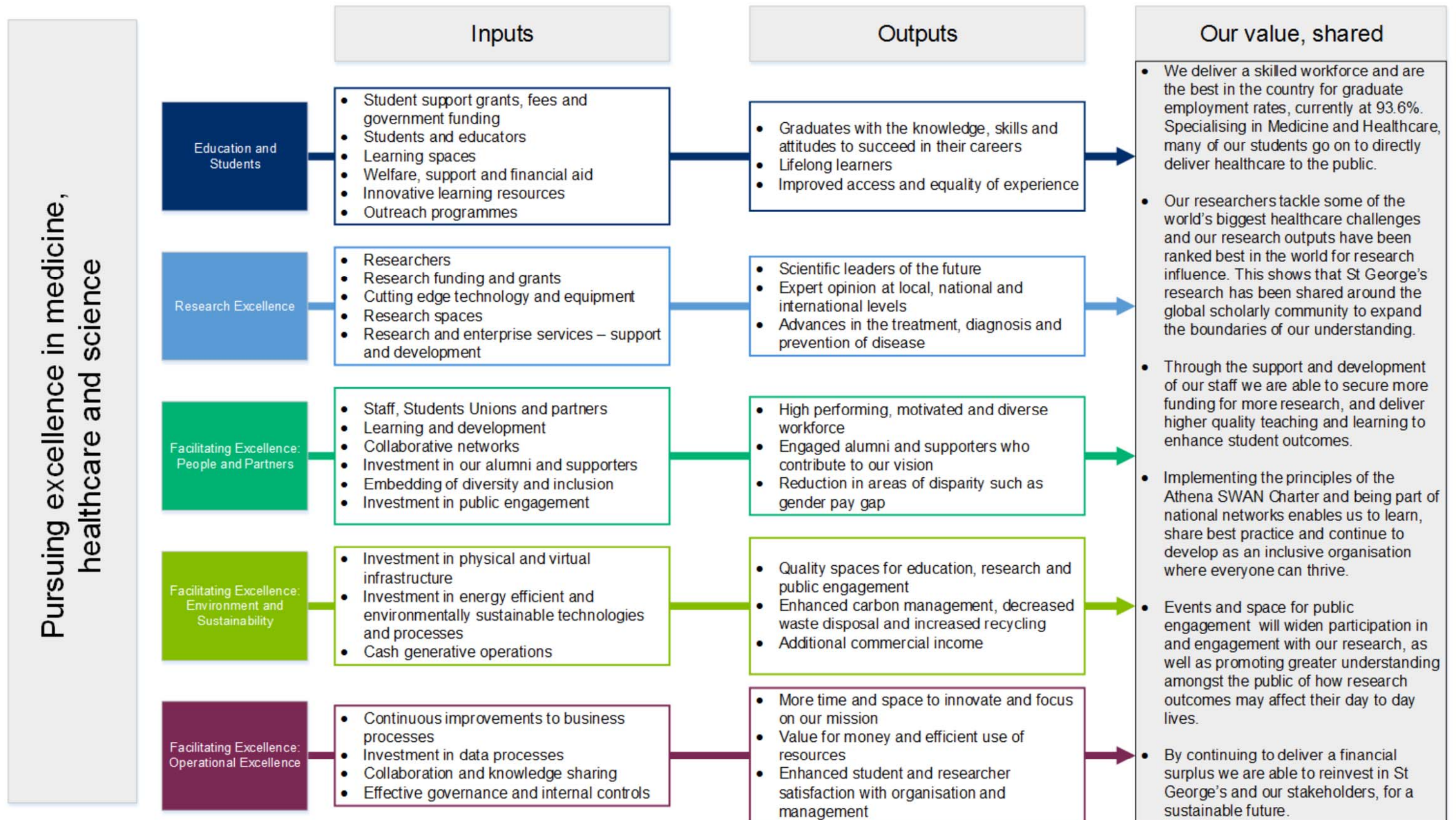
Kingston University

In 1996 St George's established a partnership with Kingston University to jointly offer courses in health and social care, and conduct practice-focused research within the joint Faculty of Health, Social Care and Education (FHSCE).

We engage with the joint faculty both formally through representation on committees as well as less formally through our day to day activities. A great success was our June "Meet the Principal" event led by Professor Andy Kent, Dean for FHSCE. This all-staff event was well attended and provided a great platform to hear about the priorities of the FHSCE as well as an opportunity for interaction and Q&A.

Strategic Review

The Value of Our Vision



Strategic Review

The Value of Our Vision

Strategic Review

Financial Review

The Financial Statements of St George's are prepared in accordance with the "Statement of Recommended Practice: Accounting for Further and Higher Education 2015" and with reference to the Memorandum of Assurance and Accountability which regulates the formal relationship between the Office for Students (OfS) and St George's. OfS also acts on behalf of the Charity Commission as the principal regulator of St George's as an exempt charity in accordance with the Charities Act 2011.

Consolidated Income and Expenditure Account	2018 £m	2017 £m
Tuition fees and education contracts	38.6	30.8
Funding body grants	17.4	17.2
Research grants and contracts	13.6	13.3
Other operating income	19.1	23.8
Investment income, donations and endowments	1.0	1.5
Income	89.7	86.6
Operating expenditure	87.1	82.8
Operating surplus	2.6	3.8
Share of operating losses in joint ventures and associates	-	(0.6)
Gain on investments	1.0	1.7
Exceptional item	-	(5.0)
Taxation	(0.1)	(0.3)
Surplus/(deficit) for the year	3.5	(0.4)
Non-current assets	96.7	98.1
Current assets	21.5	22.8
Creditors falling due in less than one year	(27.7)	(27.9)
Net current liabilities	(6.2)	(5.1)
Creditors falling due in more than one year	(43.2)	(48.7)
Pensions provision	(7.1)	(7.7)
Total net assets	40.2	36.6
Restricted reserves	6.6	6.5
Unrestricted reserves	33.6	30.1
Total reserves	40.2	36.6

The **surplus** for the year shows an improvement on last year's results, with a surplus of £3.5m compared to a deficit of £0.4m, with reserves standing at £40.2m compared with £36.6m.

Strategic Review

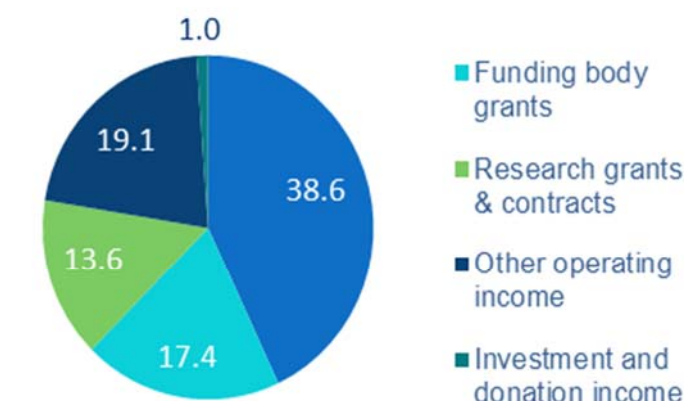
Financial Review

Income has increased by £3m between financial years 2017 and 2018. As a result of the dissolution of the INTO St George's joint venture (JV), student fees from the International MBBS programme are now received directly by St George's, rather than through the JV, this is offset by a reduction in other operating income.

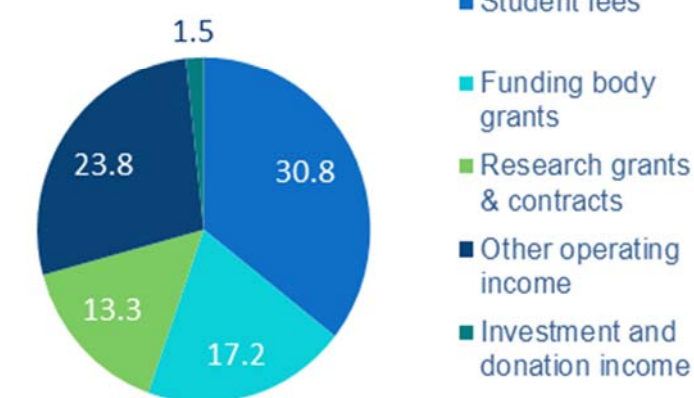
Research income shows a small increase of 2%, from £13.3m in 2017 to £13.6m in 2018. Investment and donation income has decreased as a significant donation was received in 2017 (£0.3m) – however alumni donations show a slight improvement on last year.

As noted above, the dissolution of the INTO St George's JV has seen international student fees increase significantly as they are no longer accounted for through the JV vehicle. There has also been a small increase in total student numbers with new postgraduate courses coming on stream as well as additional students being recruited to Biomedical Sciences BSc.

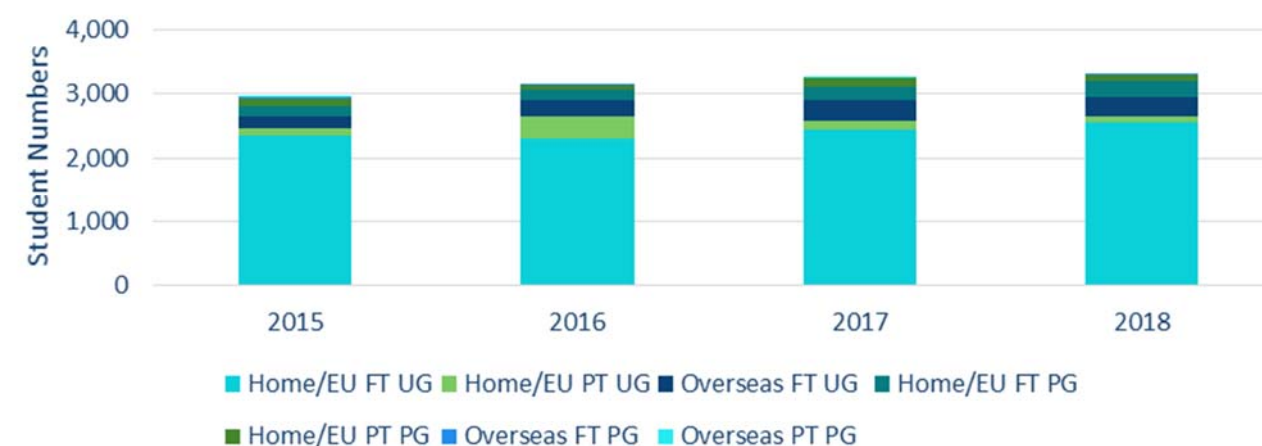
Total Income (£m)
2018



Total Income (£m)
2017



Student numbers

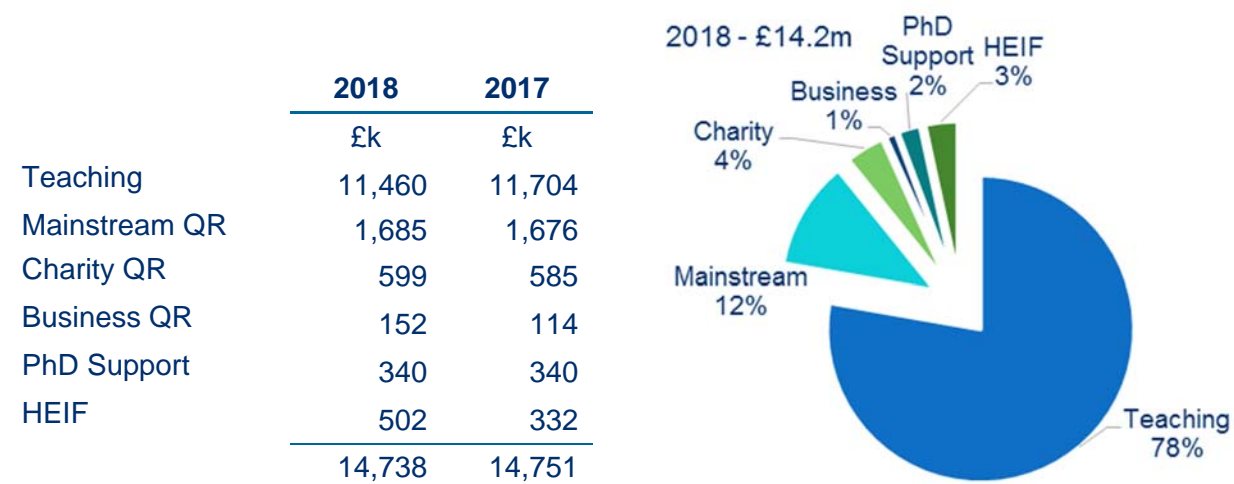


Strategic Review

Financial Review

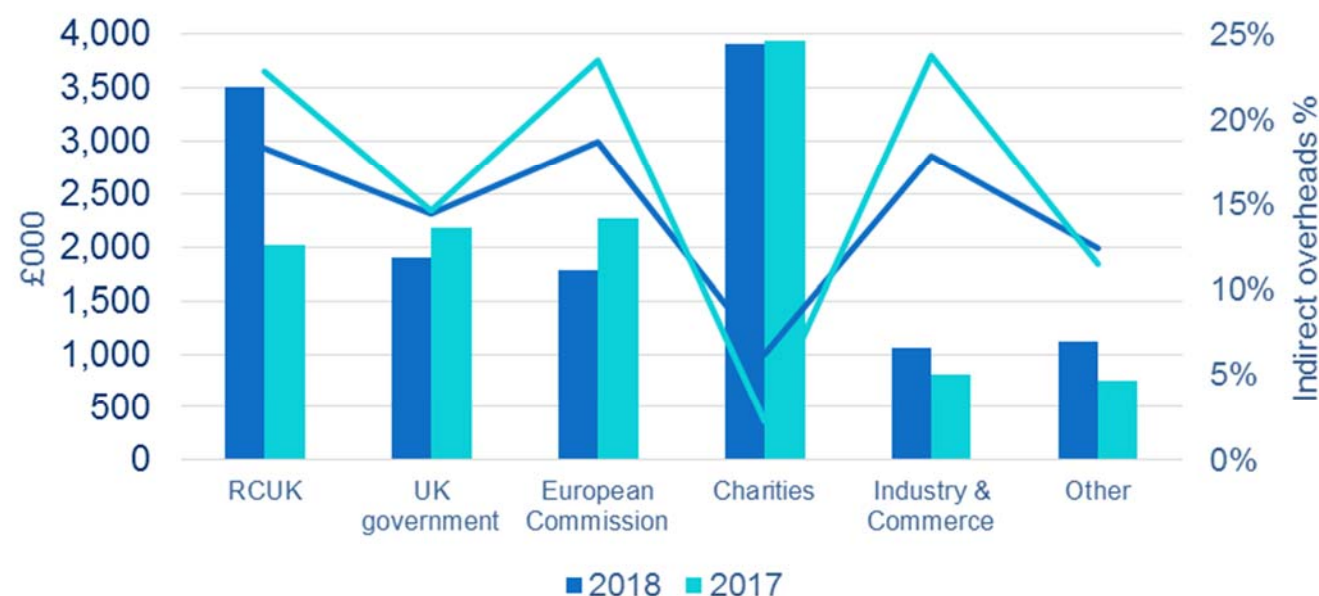
In line with the sector and the move away from **grant funding** to student fees, funding body grants (excluding deferred capital grants) have reduced from 2017 as the final years of the old fee regime are replaced with a higher fee of £9,250 for home/EU students. This has taken longer at St George's than other universities as the MBBS programme runs for five years, rather than the standard three years.

The amount of Qualitative Research (QR) received increased from £2.7m to £2.8m, with increases across the categories of mainstream, charity and business and PhD funding remaining flat. Income from the Higher Education Innovation Fund (HEIF) has seen an increase from £332k to £502k as additional funding to help deliver the government's industrial strategy has been allocated across the sector.



Total **research income**, excluding the research and development credit (£0.3m), has increased by 11% to £13.3m (£12.0m – 2017). A total of 57 new grants (40 – 2017) have been won during the year, worth £13.6m (£5.6m – 2017). The overhead recovery rate has decreased since last year to 13.7% from 14.4%; however, this is still an improvement on 2016. This continues to be an active area of review over the last year and is a KPI in the Strategic Plan.

Research Income and Overheads



Strategic Review

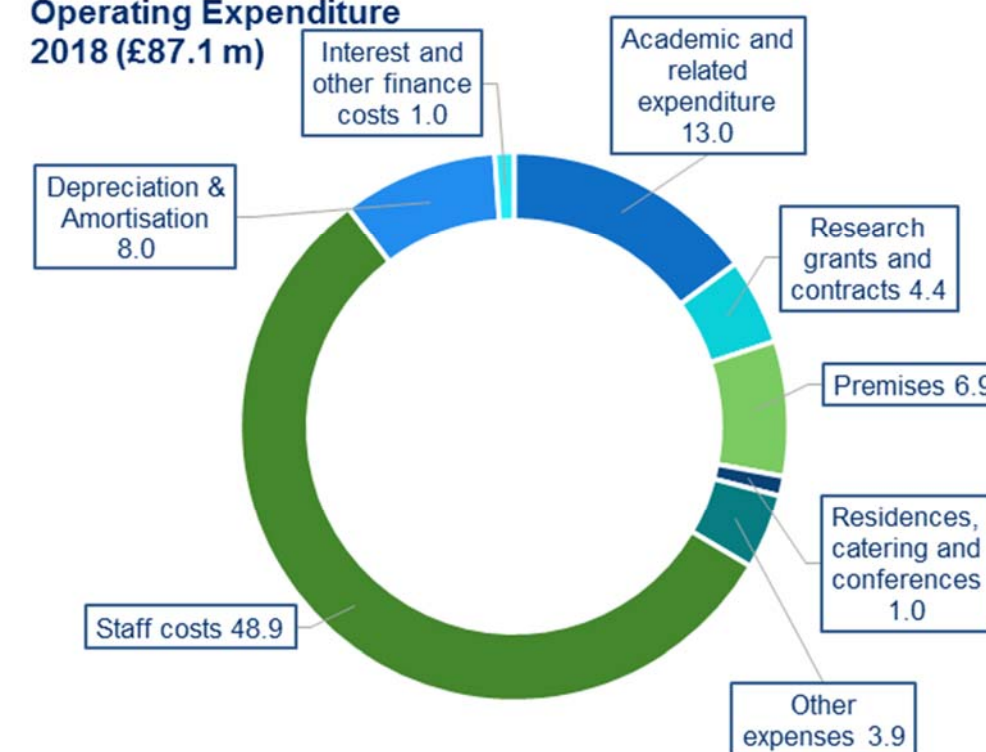
Financial Review

The main sources of income within **residences, catering and conferences** is from the Horton Halls, St George's halls of student residence comprising 486 ensuite rooms which are a short walk from the campus, rented to our students, together with a small amount of income from commercial lets and media services. Income is £0.4m lower than 2017 due to lower occupancy rates.

Other services rendered income includes staff recharges to the NHS (£5.3m), mainly SGUHFT, and recharge income from FHSCE, our joint venture with Kingston University. Last year this also included recharges to the INTO St George's JV which was dissolved in 2017.

Income from the Department of Health, such as Service Increment for Teaching (which pays for clinical placements) and Health Education South London (funding training and placements to the NHS), is included within **other income**, as is franchise income from the University of Nicosia and consultancy income earned by academic staff.

Operating Expenditure 2018 (£87.1 m)



Staff costs and headcount continue to be tightly controlled and monitored. Staff headcount has increased for the first time in many years as investment is made in new programmes and in research staff ahead of the Research Excellence Framework, ensuring that additional resource is included in areas of strength.

Other operating expenditure remains tightly controlled, noting that with an increase in research funding comes an increase in related spend.

Other expenses include the costs related to the FHSCE and the international joint ventures, including placements which have also increased with the increase in student numbers studying overseas.

A review of **depreciation** and the useful economic lives of some asset classes has led to a one-off increase of £1.4m this year.

Strategic Review

Financial Review

Pension Costs

A major risk remains the future costs of the **USS pension scheme**, which at the date of these financial statements had not yet had its 2017 valuation finalised. The 2017 valuation set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. As the 2017 valuation has not been formally completed, and there remain various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risk that the year-end provision as so calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. It is expected that there will be greater clarity in this respect during 2018/19.

Based on the inputs to the current model, the following sensitivity analysis outlines the potential impact on the existing liability of

£5.2 million (assuming the same discount rate of 2.14%):

- A **1%** increase in the funding of the past deficit gives an increase of **£2.5m**
- A **3.9%** increase in the funding of the past deficit (as indicated under Rule 76.4-8 of the Scheme) gives an increase of **£9.8m**
- An increase of **three years** in the time taken to recover the deficit increases the provision by **£1.6m**

Any of these scenarios could have a significant impact on both St George's surplus and its balance sheet. The current consultation is based on employer contributions increasing to 24.9% (from 18%) and employee contributions increasing from 8% to 11.7%. A Joint Expert Panel, with membership agreed by both Universities UK (UUK) and the University and College Union (UCU) has reviewed the 2017 valuation and has reached a conclusion which would see an increase of employer contributions of 3.2%. These proposals, issued in late September, would need approval from The Pensions Regulator as well as the employers, unions and members before being adopted.

Capital expenditure continues with £4.5m spent on tangible assets in 2018. Major projects during the year included the addition of chillers, giving an energy efficient way of providing cooling to the building; the

refurbishment of the Student Union bar making a fit-for-purpose facility for students, with flexible study space during the day making way to a modern facility in the evenings; refurbishing a number of lecture theatres, teaching rooms and laboratories; and moving the Radiography department from the Kingston University campus to provide a state of the art facility in Tooting with all students on that programme being based at St George's. Work also began on the Estates Masterplan with architects plans and initial costings for a new lecture theatre and improved public and student engagement space on the Hunter wing ground floor.

In Information Services, infrastructure upgrades to the core and edge network and wifi solutions were undertaken, alongside work on the student system and a new HR/payroll system, which was successfully implemented in April 2018. Canvas, the new student Virtual Learning Environment, went live in September 2018 as did the pilot programmes on an application allowing students to see their timetables on phones and tablets.

Cash and Liquidity

St George's **cash** position has reduced over the year to £6.1m as expenditure to improve the Estate continues at increased levels. Cash flows and forecasts are produced on a monthly basis and these will be closely monitored as

expenditure on the Estates Masterplan continues.

St George's also holds £22m of investments. Of these, £5.7m are endowed funds, the remaining £16.3m can be spent as the institution wishes, but is generally held as an asset with only the income generated being spent.

St George's has long-term loans with Barclays Bank plc and Santander UK plc, repayable between 8 and 30 years, as well as an interest-free loan from Salix to fund the more energy efficient chillers.

There are covenants in place on all the commercial lending and these are reviewed on a regular basis in line with revised forecasts and we are fully compliant with all our covenants.

Strategic Review

Financial Review

Public Benefit Statement

St George's 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 aims are embodied in our Statutes:

To advance learning and knowledge by teaching and research in medicine, nursing, midwifery, the allied health professions, in biological sciences and any other sciences, and in social work, in healthcare management and in all matters connected with the practice of medicine and allied subjects in all their branches and in any other subject or area as St George's should determine; and insofar as it is necessary or desirable in any way for the achievement of the foregoing objects to contribute directly or indirectly to the treatment and care of patients.

Our Purpose:
To develop people who meet today's healthcare needs and tomorrow's healthcare challenges

The primary beneficiaries are the students, researchers, academic and NHS staff who are engaged in healthcare education, learning or research and those 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. Our stakeholders are described on

page 8. We provide a world-class multi-professional health sciences education that equips our graduates to meet today's healthcare needs through relevant scientific research, clinical excellence, strong interpersonal skills and team-based working. Sharing a clinical environment with a major London teaching hospital, our innovative approach to education results in well-rounded, highly skilled clinicians, scientists, and health and social care professionals. St George's continues to be the top-ranked university for graduate prospects in the UK.

We also work closely with healthcare providers throughout south London to ensure that our courses reflect latest clinical practices and that our students benefit from diverse clinical placement opportunities.

Our experts have access to a range of facilities and methods, from laboratory based examinations of virus samples to studies in the general population. These include:

- Image Resource Facility providing advanced bio-imaging technology.
- Clinical Research Facility a custom-built centre where we work in association with St George's University Hospitals NHS Foundation Trust (SGUHFT) to facilitate research programmes and clinical trials.
- Specialist Biological Research Facility where researchers study diseases and how to treat them.

Many of our facilities are also available to external organisations and collaborators. We also maintain an extensive healthcare library and archive (including important special collections) providing a valuable resource for

students, researchers, alumni, academics and others by arrangement.



Our 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.

We believe everyone should be able to access the benefits of biomedical discovery and that research should be an integral part of the training and education of healthcare professionals.

We are committed to developing public understanding and involvement in our research programmes and actively contribute to partnerships across London, linking students and researchers to practitioners and employers across the region. We arrange visits from outstanding academics and healthcare experts from both the UK and overseas and encourage and support the dissemination of research and healthcare advancements through lectures, seminars and the publication of papers in academic and professional journals or other suitable means.

Public Benefit Statement

In the 2018 Times Higher Education World University Rankings St George's was ranked first internationally for citations or research influence, demonstrating our contribution to the sum of knowledge, which has been built on by others, expanding the boundaries of understanding and which has been shared around the globe.

We enrol more than 1,200 new students a year, from a wide range of backgrounds, offering them the opportunity to work and study on a healthcare campus that reflects the full range of healthcare professions.

We are proud of our diversity and strive to create an environment where everyone, regardless of their ethnicity, religious, geographic, socio-political or economic background, can flourish. We focus on maintaining the excellent reputation of our teaching and research portfolio, as well as attracting, retaining and nurturing the most talented students and staff from across the UK and abroad.

Part of our public task as a university is working to improve equality of opportunity for under-represented groups in higher education. One of the ways that we do this is through an extensive outreach programme that aims to raise awareness and aspirations among students who might not have considered a career in healthcare, to support them in reaching their educational goals, and to guide them through the process of applying to university.

We work throughout our local area with young people from primary school upwards, delivering activities such as online tutoring, spring and summer school, open days and

campus visits. For example, we have recently launched a new programme, Science Stars, for a group of Year 11 students from a local state school (many of whom are in receipt of free school meals and/or have parents/carers who have not been to university). They will receive small group GCSE Science tutoring delivered after school by our student ambassadors, using materials developed by a St George's alumnus who is now a university lecturer.

The St George's Opportunity Fund offers students from lower income households an annual bursary. 64% of bursary recipients surveyed in 2016/17 said that it was a very important factor in helping them continue at St George's, with the majority of the students saying that it helped them feel more satisfied about their life as a student, and less anxious than they would have felt otherwise. We also offer an



We strive to create an environment where everyone, regardless of their ethnicity, religious, geographic, socio-political or economic background, can thrive.

Access to Learning Fund, disbursed on a case-by-case basis to students who encounter unexpected, short-term financial difficulty.



We employ both clinical and non-clinical staff to fulfil our 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.

Members of Council receive no remuneration for their services. There are no waived entitlements or other benefits for serving as Council members (Trustees). Council members can claim reasonable expenses such as travel. The total amount of expenses claimed in 2017/18 was £2,165.

Related party transactions are set out in note 27 of the Financial Statements.

St George's does not have any Paragraph 28 (Charities Act 2011 Schedule 3) connected charities that have an income in the year of £100,000 or more.

Corporate Governance

Who We Are

With a 250 year history of training doctors, St George's is the UK's only university dedicated to medical and health sciences education, training and research. Our distinctiveness is based on this exclusive focus and we strive to bring an innovative and collaborative approach to all we do.

St George's is committed to conducting its activities in accordance with the seven principles identified by the Committee on Standards in Public Life. Our governing body is guided, but not limited, by the Committee of University Chairs' (CUC) Higher Education Code of Governance issued in 2014. Our practices are consistent with the provisions of the Code.

Our teaching and research activity is organised across four institutes: the Molecular and Clinical Sciences Research Institute; the Population Health Research Institute; the Institute for Infection and Immunity; the Institute of Medical and Biomedical Education, together with the Faculty of Health, Social Care and Education.

Our Professional Services activity is organised across nine departments, overseen by the Chief Operating Officer.

Constitution and Governing Body

St George's is a member institution of the University of London (UoL) and acquired

degree awarding powers in 2009. In accordance with its duty under section 3(3) of The Higher Education and Research Act 2017, the Office for Students (OfS) confirmed St George's inclusion in the register of English higher education providers in July 2018. We comply with the conditions of registration which the OfS set out for the transition period to July 2019.

The objects, powers and framework of governance are set out in our Scheme and Statutes which were reviewed and updated and, following approval by the UoL, came into force on 30 September 2014. The Scheme establishes the Council and Senate, each with clearly defined functions and responsibilities detailed in the Statutes, to oversee and manage St George's activities.

The UoL has begun proceedings to allow its member institutions to become universities in their own right. Following discussion at its meeting on 7 February 2017, Council agreed that St George's would apply for university title at the same time as the other UoL Colleges. An Act of Parliament (UoL Bill) is required and at the time of writing this process continues. Once received, St George's will submit its application for University Title to the Department for Education.

Council

Council is our governing body and in exercising its role and powers undertakes to meet the

obligations placed upon St George's by its Scheme and Statutes, and on its members as charity trustees. Council is responsible for our overall strategic direction, for financial affairs, property investments and general business, and for presenting audited financial statements for each financial year. Council has agreed a Statement of Primary Responsibilities which accords with the Scheme and Statutes.

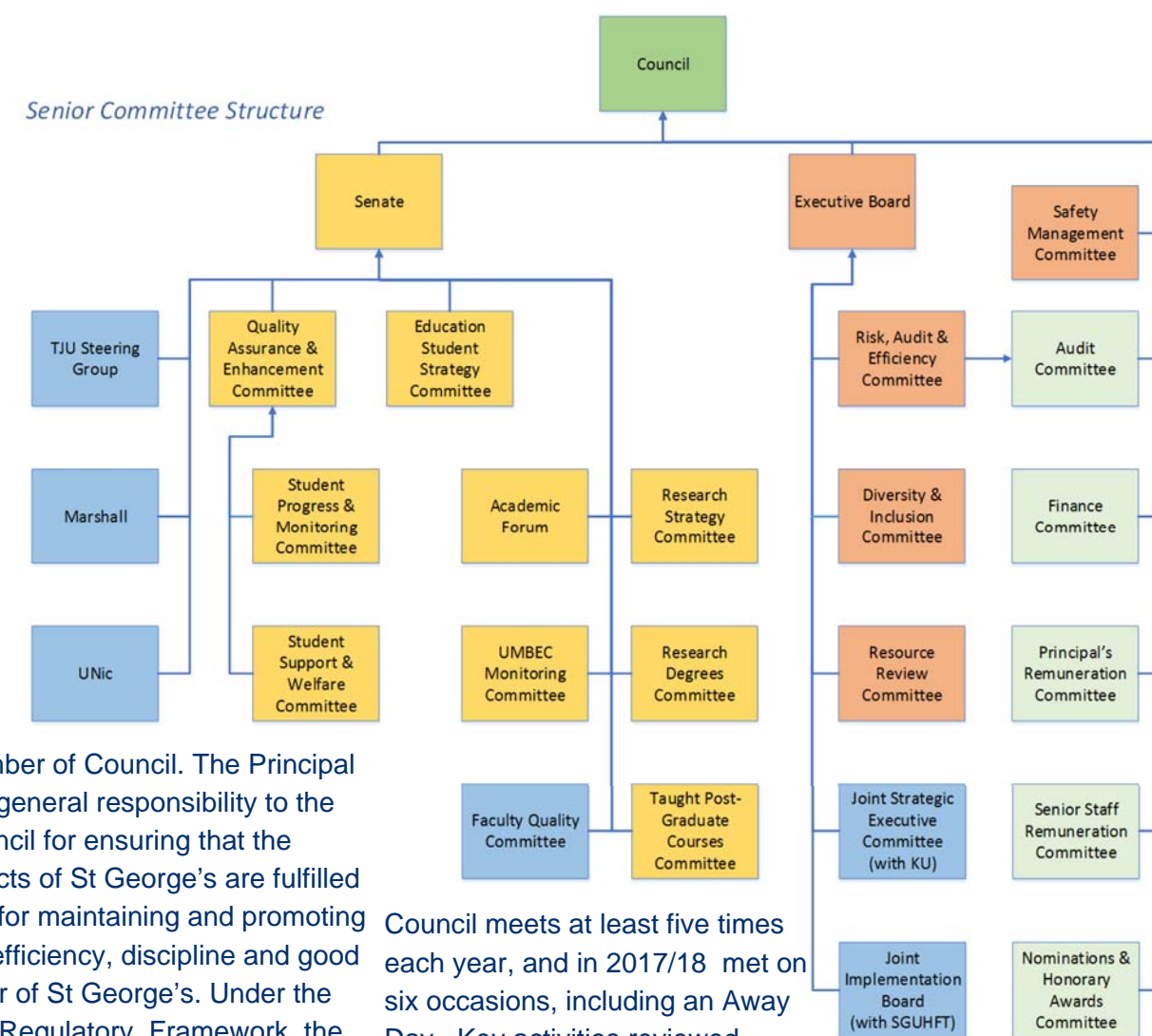
Council is made up of 22 Members with a majority of Independent Members, as well as representatives of St George's staff and student body. The Independent Members come from a wide range of backgrounds across the private and public sectors and collectively offer expertise in legal, financial and organisational matters as well as medicine, healthcare and education. Independent Members of Council are appointed through a robust, transparent, open advertisement and interview process managed by the Nominations and Honorary Awards Committee taking into consideration skills, experience and diversity.

The Chair, who has overall responsibility for the conduct of Council, and the Vice Chair are both Independent Members.

The Principal is appointed by Council as the academic and administrative head of St George's and is an ex officio

Corporate Governance

Council and its Committees



member of Council. The Principal has general responsibility to the Council for ensuring that the objects of St George's are fulfilled and for maintaining and promoting the efficiency, discipline and good order of St George's. Under the OfS Regulatory Framework, the Principal is the nominated accountable officer. The Deputy Principals and the Dean for Students are also ex officio members. In addition, two staff members, one academic and one from the professional services, are elected from their respective constituencies. We consider the role of students within our governance framework very important and both the current President of the Students Union and the President from the previous year are members of Council. This provides continuity for student representation and support for incoming student members.

Council meets at least five times each year, and in 2017/18 met on six occasions, including an Away Day. Key activities reviewed, supported and/or approved in 2017/18 by Council that will help St George's add value to our outputs and meet our strategic goals included:

- Registration with the OfS to maintain our status as a registered Higher Education Provider, and secure access to funding for students and for Research.
- Reviewing proposals for the regeneration of our Estate. The Estates Masterplan strives to give a clearer sense of identity, provide more collaborative space for staff, enhance the student experience and create a

focal point for the community to facilitate discussion and collaboration across the research disciplines.

- Monitoring our progress against the Strategic Plan by reviewing progress made against the Operational Plan and associated 12 KPIs on a six-monthly basis.
- Approval of the budget for 2018/19, including investments in new courses and opportunities, additional support for students and continuing work on Athena SWAN.
- Discussions about the system for reviewing senior staff remuneration.

Corporate Governance

Council and its Committees

- Consideration of activities designed to enhance the student experience and student welfare, including mental health support and action plans responding to student feedback and satisfaction surveys.

Certain matters such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land are reserved matters for Council. These matters are set out in our Scheme and Statutes. Much of Council's detailed work, however, is handled initially by five standing committees chaired by Independent Members to help take forward its work.

The decisions of all five of these committees are reported formally to Council (see senior committee structure on previous page).

Audit Committee

Audit Committee is entirely composed of Independent Members appointed by Council from amongst its Members, and co-opted Independent Members also appointed by Council.

Audit Committee normally meets four times a year, with external and internal auditors invited to attend as appropriate. The Committee considers detailed reports from the internal and external auditors and relevant reports from regulatory bodies alongside 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. The Committee meets the internal and external auditors once a year,

without the presence of senior executives.

Finance Committee

Finance Committee reviews and recommends to Council the annual revenue and capital budgets, the forecasts required by the OfS and monitors performance in relation to these. It supervises all matters relating our finance, accounts and financial regulations and the management of our investments and borrowings. Finance Committee meets five times a year. Senior executives attend meetings and serve on the Finance Committee.

Nominations and Honorary Awards Committee

The Nominations and Honorary Awards Committee (NHAC) 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. In addition, it seeks, considers and makes recommendations for the award of Honorary Fellowships and Honorary Degrees.

Remuneration Committees

The two Remuneration Committees review and recommend the salary and conditions of service of the Principal, and the remuneration arrangements for senior staff. They also consider the arrangements for succession planning in relation to senior and leadership posts within St George's. Following a review in 2017/18, and reflecting the introduction of the CUC Higher Education Senior Staff Remuneration Code, Council agreed to establish a second Remuneration Committee to

consider the Principal's pay. More detail can be found in the Remuneration Committee Annual Report (page 26).

The Nominations and Honorary Awards Committee and Remuneration Committees meet less frequently because of the limited nature of their activities.

Senate

Senate is responsible for the academic affairs of St George's, reporting to Council on all academic matters and questions of educational policy. The Principal is the Chair of Senate and other members of Senate are: the Deputy Principals; the Deans; the Associate Deans; Chair of the Academic Forum; Institute Directors; Head of the Graduate School; Heads of Schools in FHSCE.

Executive Board

Council receives recommendations and advice in respect of its responsibilities from the Executive Board, which has oversight of the strategic and operational matters and any domain of St George's business on behalf of Senate and Council. The Executive Board ensures the effectiveness of St George's in meeting its strategic plans.

Executive Board membership includes the Principal as Chair, the Chief Operating Officer, representatives of both Senior Professional Services and Senior Academic Staff, and the student representation from the Student Union's President. The Executive Board meets on a monthly basis, held its first meeting in September 2018 and replaces the Strategy, Planning and Resources Committee (incorporating responsibilities previously allocated to other management groups).

Corporate Governance

Members of Council & Committee Membership

Independent Members of Council		
Mr Anthony Bicknell		Treasurer, Chair of Finance Committee, Remuneration Committees
Mr David Carter		Finance Committee
Mr Michael Draper		Chair of Council, Remuneration Committees, Chair NHAC, Finance Committee Attendee
Professor Sian Harding		
Mr Josh Joshi	From 01-02-2018	Finance Committee
Dr Rima Makarem		NHAC
Ms Gillian Norton		
Mr Damian Reid	From 01-02-2018	Finance Committee
Ms Sue Rimmer		Deputy Chair of Council, Audit Committee, NHAC
Professor Steven Spier		
Ms Catherine Swarbrick		Chair of Audit Committee, Remuneration Committees, NHAC
Mr Ewart Wooldridge		Chair of Remuneration Committees, Audit Committee
Dr Sally Worth		
Internal Members of Council		
Mr Ken Morrison	From 01-10-2018	Elected Support Staff
Mr Derek Mckee	Until 30-09-2018	Elected Support staff
Dr John Hammond	From 01-10-2017	Elected Academic Staff
Professor David Strachan	Until 30-09-2017	Elected Academic Staff
Mr Muhammad (Omar) Hijazi	From 01-08-2018	President Students' Union
Mr Sam Khavandi	Until 30-07-2018 From 01-08-2018	President Students' Union Student Representative
Professor Jenny Higham		Principal, (Ex Officio)
Professor Jon Friedland	From 10-09-2018	Deputy Principal (Research), (Ex Officio)
Professor Mark Fisher	Until 10-09-2018	Deputy Principal (Research), (Ex Officio)
Professor Jane Saffell		Deputy Principal (Education), (Ex Officio)
Professor Deborah Bowman		Deputy Principal (Institutional Affairs), (Ex Officio)
Dr Aileen O'Brien		Dean for Students, (Ex Officio)
In attendance		
Mr Paul Ratcliffe		Chief Operating Officer
Ms Susan Trubshaw		Clerk to Council
Ms Nicola Arnold		Director of Finance
Ms Jenny Winters	From 14-08-2018	Interim Director of HR and OD
Ms Sarita Godber	Until 09-08-2018	Director of HR and OD

Corporate Governance

Council's Responsibilities

Statement of Council's Responsibilities

In accordance with the Scheme and Statutes of St George's, the Council is responsible for the direction and management of St George's affairs and is required to present audited Financial Statements for each financial year. Council is responsible for preparing the Strategic Review and Financial Statements in accordance with applicable law and regulations.

Council is required to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". In addition, within the terms and conditions of funding for higher education providers for the period to 31 July 2018, 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 St George's and its subsidiaries (the Group) 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;
- judgements 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 St George's has adequate resources to continue

in operation for the foreseeable future.

Council is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of St George's and enable it to ensure that the Financial Statements are prepared in accordance with the Scheme, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and any subsequent amendments and the OfS Accounts Direction. They are also responsible for safeguarding the assets of St George's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 OfS, Research England and formerly HEFCE are used only for the purposes for which they have been given and in accordance with the OfS and Research England terms and conditions and any other conditions which the regulators 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 OfS terms and conditions.

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 St George's and to prevent and detect fraud and;
- secure the economical, efficient management of St George's and the Group's resources and expenditure.

Council is responsible for the maintenance and integrity of the corporate and financial information included on St George's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Other Matters

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;

Corporate Governance

Council's Responsibilities

- 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

Corporate Governance

Remuneration Committee Annual Report

St George's has determined to follow the Higher Education Senior Staff Remuneration Code (the Code) published by the Committee of University Chairs (CUC) from its inception. The Code provides that the Vice-Chancellor-Principal should not be a member of the Remuneration Committee (RemCom). To reflect this, St George's has now established two Remuneration Committees: The Senior Staff Remuneration Committee to consider senior staff pay and a second committee to consider the Principal's pay. Both committees will continue to have full delegated authority in respect of the matters which fall within their terms of reference. The terms of reference for both are available on our website.

Members of the Principal's Remuneration Committee are: Ewart Wooldridge (Chair), Michael Draper (Chair of Council), Anthony Bicknell (Treasurer) and Catherine Swarbrick (Chair of Audit Committee), with the Director of HR and OD in attendance (this role currently filled by Jenny Winters, Acting HR Director). The Senior Staff Remuneration Committee has the same membership and attendance arrangements, except that the Principal, Professor Jenny Higham, is additionally in attendance. These new Committee arrangements will come fully into operation in 2018/19.

Prior to the establishment of the new committees, RemCom met twice during 2017/18, in February and June 2018. Anthony Bicknell

was unable to attend the meeting in February; otherwise all members, including Professor Higham, were in attendance at both meetings (although Professor Higham did not attend any part of the meetings during which her own remuneration was discussed).

Approach to Remuneration

In determining senior staff pay, RemCom takes into account the need to attract, develop and retain high calibre professors and senior staff working within professional services functions, including benchmarking senior salaries against the University and Colleges Employer Association's (UCEA) Senior Staff Remuneration Survey. The Committee's aim is to ensure that St George's approach to senior staff remuneration pays due regard to St George's strategic objectives, market position, financial constraints and equality duties.

RemCom is charged with recommending to Council policies designed to deliver fair, appropriate and justifiable levels of remuneration for senior staff whilst demonstrating procedural fairness, transparency and accountability in line with the Code.

All staff who are not on clinical salary scales receive the national pay award, which was 1.7% effective from 1 August 2017 for grades 4-8 and an increase of up to 2.4% for grades 1-3.

In addition, in the 2017/18 financial year, pay increases and/

or bonuses were implemented for three senior individuals, taking into account their contribution to their area of expertise, as well as market relativities within their field. In June 2018 decisions were taken for senior individuals' remuneration for 2018/19, which will be reported on in next year's annual report. Work has commenced on a project to make the approach to determining senior staff pay more systematic and transparent.

Staff in salary scales 1-8 receive an incremental pay rise up to the top of their salary scale, paid in October.

Staff in salary scales 1-4 are members of the Superannuation Arrangements of the University of London (SAUL) and all other staff, including senior staff, are members of the University Superannuation Scheme, unless individuals choose to opt out of pension provision.

Staff in salary scales 1-8 are also eligible to be nominated for merit awards, which are designed to recognise and reward members of staff who have made an exceptional contribution to St George's and demonstrated, over a sustained period of time, a standard of work significantly over and above the normal expectations of their role. Recommendations put forward by Institute Directors/Directors of Professional Services are considered by a Merit Awards Panel consisting of senior staff. In 2017/18, 11 staff received a merit award of £1,500 on average.

Corporate Governance

Remuneration Committee Annual Report

Staff are assigned to salary scales according to the role they are undertaking, where the grade of the role is determined by benchmarking similar roles in St George's or using the Higher Education Role Analysis Scheme (HERA). HERA is a job evaluation scheme developed specifically for use in universities and higher education and uses a competencies-based questionnaire to systematically measure the size of a role.

Principal's Pay

The table (above right) sets out the emoluments for the Principal to be determined by the Principal's Remuneration Committee. The figures are given as at 1 November each year in line with the census date for the UCEA Senior Staff Remuneration Survey, which is in keeping with the Code's approach to calculating the pay multiple (to median pay).

The Principal was not awarded a bonus/performance related pay in 2016/17 or 2017/18, nor does she receive any additional benefits such as accommodation or car. St George's has not contributed to the Principal's pension since May 2016 and, in line with the university's policy, Professor Higham was not given any lump sum or other compensation in lieu of the employer contributions to the pension scheme. In setting the pay of the Principal, the Principal's RemCom considers her contributions and achievements in leading the university and benchmarking information about the salaries of Vice Chancellors at comparable institutions.

	1 November 2017 £	1 November 2016 £
Emoluments of the Principal		
Salary	245,938	235,466
Performance related pay	-	-
Benefits	-	-
	<hr/> 245,938	<hr/> 235,466
Pension Costs	-	-
Total	<hr/> 245,938	<hr/> 235,466

The salary figures include Professor Higham's Clinical Excellence Award (CEA), which is set by the NHS and represented £47,582 as at 1 November 2017 and £47,110 as at 1 November 2016. Professor Higham's CEA was not renewed by the Department of Health in April 2018 reflecting the fact that her commitment to St George's meant she was unable to dedicate sufficient time to NHS clinical practice. Therefore, reflecting the contractual commitment made to Professor Higham when she joined St George's to underwrite this element of her remuneration, in April 2018 Professor Higham's CEA was subsumed into her base salary.

In considering the pay multiple of the Principal's earnings against the median of all staff, the methodology used by UCEA has been adopted (as recommended in the Code). For 2016/17 the pay multiple was 6.0. In 2017/18 it was 5.8.

In note 7 of the financial statements, the amounts disclosed as emoluments of the Principal for 2017/18 are required to include National Insurance and the Apprenticeship Levy paid by St George's. The breakdown is as follows:

	£'000
Salary	246
National Insurance	33
Apprenticeship Levy	1
Note 7 total	<hr/> 280

External appointments and expenses

All staff are required to declare external earnings under St George's Conflicts of Interest and Financial Dealings Policy. Staff are also required to follow the expenses policy. In 2017/18 763 expense claims were made by staff amounting to £186,221. The largest claims were generally for overseas conferences.

The Principal receives no income from external bodies. The Principal incurred expenses in relation to her employment at St George's of £9,551 in 2017/18 including travel to meet with international partners.

Corporate Governance

Risk Management

St George's holds a central Strategic Risk Register which details the most significant strategic risks to the Institution and to the delivery of our strategic plan. The register is reported in full to Risk, Audit and Efficiency Committee (RAEC) on a quarterly basis for their review and approval, as well as being reported to Audit Committee and Council.

The Strategic Risk Register underwent a review in 2017/18 in order to better align the format to the five key aspects of our new strategy and to provide the opportunity for risk owners to re-evaluate and re-develop risks to align with the Strategic Plan. The new template encourages a clearer focus on the causes and consequences of the risk being realised, as well as on the intended effect of any current or upcoming mitigating actions. The Strategic Risk Register is published in full on our internal website for openness to ensure that all staff are aware of the risks to the organisation and to support their understanding of the decisions that are made. A high-level overview of our current strategic risks is set out below, together with some examples of some of the mitigating actions taken against these risks across 2017/18.

Education and Students - We have undertaken a number of initiatives, overseen by a new Student Experience Action Group, which have included setting up Student Staff Liaison Groups for each programme and implementing a new online teaching and module evaluation system to fully understand the perspectives of our students. Students are at the heart of our activity and form a huge part of the St. George's community. We hope that our continual striving to provide the best student experience will

Research Excellence - A key area of activity over the past year, which will continue, is our preparation for the Research Excellence Framework (REF) 2021. An Executive Group has been established to monitor and react to REF guidance as it emerges and ensure that St. George's has the best possible outcome. We also focus our research on areas where we have proven or emerging potential for excellence and global impact as we aspire to continue to build our research income.

People and Partners - St. George's benefits greatly from a number of partnerships, including SGUHFT, the Faculty of Health, Social Care and Education that it operates jointly with Kingston University and the MBBS franchise programme at the University of Nicosia. It is important to ensure these relationships are managed carefully to ensure that each party get the best out of the partnerships and the Quality and Partnerships directorate has been established to ensure a focused approach to existing partnerships and consideration of new partnerships.

Environment and Sustainability - We continue to invest in a high-quality physical infrastructure to ensure we provide an excellent environment for our students and staff. The on-going capital programme over the past year included infrastructure upgrades, such as the installation of new high efficiency electric air-cooled chillers, along with refresh of some audiovisual facilities and teaching spaces. Next academic year will see the first stage of the Estates Masterplan delivered. This is underpinned by a long term financial plan which ensures that St George's is financially sustainable in a time of uncertainty with a new regulatory environment and public pressure on funding, particularly students fees.

Operational Excellence - We operate in a competitive environment and need to continue to meet our student recruitment targets. Our student recruitment operations have been altered so that all recruitment activity is now undertaken by a single team with a single recruitment strategy. The initial conditions for registration with the Office for Students were successfully met and St George's became one of the first institutions to be listed on the new Register of HE providers. We remain cognisant of the need to ensure we continue to meet all conditions of registration to the highest standard. We have appointed personnel to a number of posts, such as the Records Manager and Information Governance Manager, supported by appropriate internal governance infrastructures, to ensure that we remain compliant with appropriate legislation such as the Data Protection Act 2018.

Corporate Governance

Statement of Internal Control

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 by the OfS conditions of registration (formerly 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 2018, 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 Audit Committee:

- Reviewed the overall risk management framework in 2017/18 and will oversee the implementation of the revised

Risk Management Policy and Strategic Risk Register during 2018/19.

- Ensured that regular meetings of the Risk, Audit 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, Audit 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 KPMG, St George's independent internal auditors. The audit planning is carried out jointly with senior executives and is based primarily on St George's risk register.

Council receives reports from the Chair of the Audit Committee concerning internal control, the outcome of all audits of St George'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.

No significant internal control weakness have arisen during the year ending 31 July 2018 or to the date of the approval of the annual Financial Statements.

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.

An effectiveness review of Council has been conducted by an external consultant and the report considered by Council at its meeting on 20 November 2018. Council has considered the recommendations made and will be working with the sub-committees to implement them during the 2018/19 academic year as appropriate.

Going Concern

After making appropriate enquiries, Council considers that St George's has adequate resources to continue to operate on a financially sustainable basis and consequently St George's continues to adopt the going concern basis in preparing the Financial Statements.



Michael Draper

Chair of Council

20 November 2018

Independent Auditor's Report to the Council of St George's University of London

Opinion

We have audited the financial statements of St George's University of London (the 'parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise Consolidated Statement of Comprehensive Income and Expenditure, Consolidated Statement of Changes in Reserves, St George's Statement of Changes in Reserves, Consolidated and St George's Balance Sheet and Consolidated Cash Flow and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2018 and of the group's and parent institution's income and expenditure, gains and losses, changes in reserves and group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

Basis for opinion

We have been appointed as auditor under the Institution's schemes and statutes and report in accordance with regulations made under those schemes and statutes. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Institution's Council, as a body, in accordance with Statute 20 – External Auditors, paragraph (i) to (iv) of the Institution's schemes and statutes. Our audit work has been undertaken so that we might state to the Institution's 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 Institution and the Institution's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council are responsible for the other information. The other information comprises the information included in the Strategic Review, Public Benefit Statement and Corporate Governance Statements set out on pages 4 to 27, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information

Independent Auditor's Report to the Council of St George's University of London

and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students ('OfS') Terms and conditions of funding for higher education institutions (issued March 2018) and the OfS's accounts direction (issued June 2018).

In our opinion, in all material respects:

- funds from whatever source administered by the parent institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE, the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the HEFCE accounts direction and the OfS's accounts direction (issued June 2018) have been met.

Responsibilities of Council for the financial statements

As explained more fully in the Statement of Council's Responsibilities set out on page 22, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the group's and the parent institution's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant
London

29 November 2018

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

1. Basis of preparation

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with the applicable United Kingdom accounting standards. St George's is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

The Financial Statements have been prepared on the historical cost basis except for the modification to a deemed cost basis for certain fixed assets, the inclusion of investments at market value and on a going concern basis. Council considers that it is appropriate to account as a going concern as St George's has adequate resources within the foreseeable future. In reaching this conclusion, it has reviewed St George's financial sustainability and is satisfied that the strategies, plans and processes in place will enable St George's to achieve strategic goals as set out in the annual budget, medium term forecasts and Strategic Plan. In particular it is satisfied that the academic strategy takes account of the environment in which St George's operates as an institution and is financially sustainable.

The consolidated Financial Statements do not include those of the Students' Union because it

is a separate independent charity and is not controlled by St George's.

2. Basis of consolidation

The consolidated Financial Statements include St George's and all its subsidiaries for the financial year to 31 July 2018. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Associates and joint ventures are accounted for using the equity method of accounting.

Investment in subsidiaries

The consolidated Financial Statements incorporate the Financial Statements of St George's and entities controlled by the Group (St George's Estates Limited, St George's Enterprises Limited and St George's Global Partners Limited). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the Eleanor Peel Chair of Geriatric Medicine Fund, a separate charity, are consolidated into the Group Financial Statements on the basis that St George's exercises control over the charity.

The results of subsidiaries acquired or disposed of during the

year are included from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the Financial Statements of the parent.

Investments in joint ventures

Arrangements where St George's exercises a joint control with another party over the strategic financial and operating decisions relating to a specific activity, are classified as joint ventures. There are three types of joint ventures: jointly controlled operations, jointly controlled assets and jointly controlled entities.

St George's and Kingston University have a joint arrangement that constitutes a jointly controlled operation, the Faculty of Health, Social Care and Education which provides education for nursing, midwifery, social work and other allied health professionals. No separate legal entity is established and the assets and liabilities are divided equally with St George's 50% share reflected on the balance sheet. St George's recognises the expenses that it incurs and its share of income earned from the

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

sale of goods and services by the joint operation.

Investments in jointly controlled entities are accounted for at cost less impairment in the individual financial statements of the parent.

Investment in associates

Where St George's has significant influence over the financial and operating decisions of an entity, it is classified as an associate. A direct or indirect voting right of 20% or more is normally considered significant influence. St George's holds a 40% share in TiKa Diagnostics Limited and a 35% share in BUGS Bioscience Limited via St George's Enterprises Limited and these entities are classified as associates.

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate.

Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements of the parent.

3. Income recognition

Recurrent income from funding bodies is included in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it is receivable.

Fee income is stated gross of any expenditure which is not a discount and recognised over the period in which the students are studying.

Other operating income is recognised when St George's is entitled to the income.

Other non-recurrent grants from funding bodies are recognised as income to the extent of the equivalent expenditure during the year.

Grant funding

Income from research grants and contracts received from commercial sources is treated as

revenue and recognised when the amount of revenue can be reliably measured, it is probable that economic benefits will flow to St George's, the stage of completion can be measured reliably and the costs of delivery can be measured reliably.

Grants from governmental sources are classified either as revenue or capital grants and are accounted for using the accruals model. Revenue government grants are recognised in income on a systematic basis over the periods in which St George's recognises the related costs for which the grant is intended to compensate. Capital government grants are recognised in income on a systematic basis over the expected useful life of the asset to which the grant relates. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources are classified as non-exchange transactions and recognised within the Consolidated Statement of Comprehensive Income and Expenditure when St George's is entitled to the income and any performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

released to the Consolidated Statement of Comprehensive Income and Expenditure when such conditions have been met.

Grants with restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure on entitlement to the income and subsequently retained within a restricted reserve until such time that expenditure is incurred in line with the restriction.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when St George's is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions must be recorded within the Consolidated Statement of Comprehensive Income and Expenditure under donations on entitlement to the income.

An endowment fund is a form of charitable trust retained for the benefit of St George's. Endowment funds are sub-divided

into their capital element and an accumulated income fund. Where a grantor indicates an intention for the institution to establish an endowment then the income is accounted for as an endowment fund.

New endowments are recorded within the Consolidated Statement of Comprehensive Income and Expenditure, under endowment income, on entitlement to the income. The restricted income received is held in the temporarily (expendable) or permanently restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

The gain or loss on the value of any investments held by the endowment fund is recorded within the Consolidated Statement of Comprehensive Income and Expenditure under the gain or loss on investments. Investment income received from the endowment fund's investments is recorded within investment income and held within the temporarily or permanently restricted reserve to the extent that it has not been spent in line with the restrictions of the donation.

4. Accounting for retirement benefits

St George's participates in four pension schemes for its employees - the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of

London (SAUL), The National Health Service Superannuation Scheme (NHSSS) and the National Employment Savings Scheme (NEST). Through the Faculty of Health, Social Care and Education, St George's also participates indirectly with the Royal Borough of Kingston upon Thames Pension Funds - the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS) via the Faculty's employees. With the exception of NEST, which is a defined contribution scheme, the schemes are defined benefit schemes whose assets are held separately from St George's. Defined benefit multi-employer schemes, where St George's 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 benefit schemes.

Defined contribution scheme

A defined contribution scheme is a post-employment benefit scheme under which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

Defined benefit schemes

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on high quality corporate bonds denominated in the currency of the Group's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to St George's, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the scheme, reductions in future contributions to the plan or on settlement of the scheme and takes into account the adverse effect of any minimum funding requirements.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as

an expense in the year in which the employees render service to St George's. Any unused benefits are accrued and measured as the additional amount St George's expects to pay as a result of the unused entitlement.

6. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. St George's does not hold any intangible assets other than computer related software which is amortised over 10 years.

7. Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The Halls of Residence were revalued to fair value on the date of transition to FRS 102, and are measured on the basis of deemed cost, being the revalued amount at the date of transition. The revaluation was carried out by Gerald Eve LLP as at 31 July 2014.

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 2018. They are not depreciated until they are

brought into use.

Equipment costing less than £10,000 per individual item is written off to the Consolidated Statement of Comprehensive Income and Expenditure in the year of acquisition. All other equipment is capitalised at cost.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land and buildings under construction, over their expected useful lives, using the straight-line method.

The rates applicable are:

- Freehold & leasehold Buildings - 50 years;
- Partial refurbishments of buildings - 10 years;
- Motor vehicles & other general equipment - 5 years;
- Equipment acquired for specific research projects - 10 years;
- Computer equipment - 3 years.

8. Heritage Assets

Heritage assets are individual objects, collections, specimens or structures of historic or scientific value that are held and maintained principally for their contribution to knowledge or culture.

Heritage assets acquired prior to 1 July 2006 have not been capitalised due to the difficulty and cost of attributing a reliable cost or value to them. Heritage assets acquired on or after 1 July 2006 and valued at over £10,000 would be capitalised and

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

recognised at the cost or valuation on acquisition where such a cost is reasonably obtainable.

9. Investments

Non-current asset investments that are not listed on a recognised stock exchange are carried at historical cost, less any provision for impairment in their value.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the non-consolidated financial statements.

Non-current asset investments are held at fair value with movements recognised in the results for the year.

10. Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

11. Stock

Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

12. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and is shown net of any overdraft balances. Deposits are repayable on demand if they are in practice available within three months without penalty. Cash equivalents are short term, highly liquid investments that are readily

convertible to known amounts of cash with insignificant risk of change in value.

13. Basic financial instruments Trade and other debtors / creditors

Trade and other debtors/creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the Consolidated Statement of Comprehensive Income.

14. Provision for liabilities

Provisions are recognised when the Group has a present

obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

15. Foreign currency

St George's functional currency is the pound sterling. 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 exchange ruling at the Balance Sheet date and the gains or losses on translation are included in the Consolidated Statement of Comprehensive Income and Expenditure.

16. Taxation

St George's 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, St George's 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,

Financial Statements Year Ended 31 July 2018

Statement of Accounting Policies

are subject to corporation tax, whilst the non-trading and charitable activities are outside the scope of corporation tax. St George's 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.

Deferred tax is provided in full on

timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Deferred tax assets are more likely than not to be recovered. Deferred tax and liabilities are not discounted.

17. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to St George's, are held as a permanently restricted fund as St George's must hold the fund to perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore St George's is restricted in the use of these funds.



Financial Statements Year Ended 31 July 2018

Consolidated statement of comprehensive income and expenditure

	Notes	2018		2017	
		Consolidated £000	St George's £000	Consolidated £000	St George's £000
Income					
Tuition fees and education contracts	1	38,604	38,604	30,753	30,753
Funding body grants	2	17,353	17,353	17,225	17,225
Research grants and contracts	3	13,635	13,635	13,311	13,311
Other operating income	4	19,080	19,080	23,799	23,799
Investment income	5	570	534	600	562
Donations and endowments	6	416	416	888	888
Total Income		89,658	89,622	86,576	86,538
Expenditure					
Staff costs	7	48,865	48,829	48,624	48,562
Other operating expenses	9	29,201	29,119	26,886	26,691
Depreciation and amortisation	11/12	8,048	8,048	6,112	6,112
Interest and other finance costs	8	983	983	1,212	1,212
Total expenditure		87,097	86,979	82,834	82,577
Surplus before exceptional items		2,561	2,643	3,742	3,961
Exceptional Item	31	-	-	(5,039)	(7,920)
Surplus/(deficit) after exceptional item & before share of operating deficit of joint venture & associates		2,561	2,643	(1,297)	(3,959)
Share of operating loss in joint venture	15	-	-	(681)	-
Share of operating (loss)/surplus in associates	16	(28)	-	87	-
Gain on investments	13	1,011	925	1,746	1,613
Surplus/(deficit) before tax		3,544	3,568	(145)	(2,346)
Taxation	10	(71)	(71)	(280)	(280)
Total comprehensive income for the year		3,473	3,497	(425)	(2,626)
Represented by:					
Endowment comprehensive income		169	199	445	308
Restricted comprehensive income		(121)	(133)	445	470
Unrestricted comprehensive income		2,781	2,759	(2,599)	(4,601)
Revaluation reserve comprehensive income		672	672	1,197	1,197
Attributable to St George's		3,501	3,497	(512)	(2,626)
Attributable to the non-controlling interest		(28)	-	87	-
		3,473	3,497	(425)	(2,626)
(Deficit)/surplus for the year attributable to:					
Non-controlling interest		(28)	-	87	-
St George's		3,501	3,497	(512)	(2,626)
		3,473	3,497	(425)	(2,626)

All items of income and expenditure relate to continuing operations.

Financial Statements Year Ended 31 July 2018

Consolidated Statement of Changes in Reserves

	Income and Expenditure Account			Revaluation Reserve	Total excl. Non-Controlling Interest	Non-Controlling Interest	Total
	Endowment	Restricted	Unrestricted				
	£000	£000	£000				
Balance as at 1 August 2016	5,107	551	21,105	10,259	37,022	94	37,116
Surplus/(deficit) from the income and expenditure statement	609	679	(1,800)	-	(512)	87	(425)
Transfers between revaluation and income and expenditure reserve	-	-	(1,197)	1,197	-	-	-
Release of restricted funds spent in the year	(164)	(234)	398	-	-	-	-
Total comprehensive income for the year	445	445	(2,599)	1,197	(512)	87	(425)
Balance as at 1 August 2017	5,552	996	18,506	11,456	36,510	181	36,691
Surplus/(deficit) from the income and expenditure statement	298	464	2,739	-	3,501	(28)	3,473
Transfers between revaluation and income and expenditure reserve	-	-	(672)	672	-	-	-
Release of restricted funds spent in the year	(129)	(585)	714	-	-	-	-
Total comprehensive income for the year	169	(121)	2,781	672	3,501	(28)	3,473
Balance as at 31 July 2018	5,721	875	21,287	12,128	40,011	153	40,164

Financial Statements Year Ended 31 July 2018

St George's Statement of Changes in Reserves

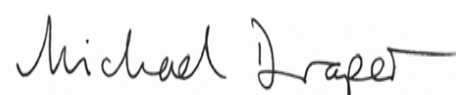
	Income and Expenditure Account			Revaluation Reserve	Total excl. Non-Controlling Interest	Non-Controlling Interest	Total
	Endowment	Restricted	Unrestricted				
	£000	£000	£000				
Balance at 1 August 2016	3,603	182	23,125	10,259	37,169	-	37,169
Surplus/(deficit) from the income and expenditure statement	415	679	(3,720)	-	(2,626)	-	(2,626)
Transfers between revaluation and income and expenditure reserve	-	-	(1,197)	1,197	-	-	-
Release of restricted funds spent in the year	(107)	(209)	316	-	-	-	-
Total comprehensive income for the year	308	470	(4,601)	1,197	(2,626)	-	(2,626)
Balance at 1 August 2017	3,911	652	18,524	11,456	34,543	-	34,543
Surplus/(deficit) from the income and expenditure statement	292	416	2,789	-	3,497	-	3,497
Transfers between revaluation and income and expenditure reserve	-	-	(672)	672	-	-	-
Release of restricted funds spent in the year	(93)	(549)	642	-	-	-	-
Total comprehensive income for the year	199	(133)	2,759	672	3,497	-	3,497
Balance at 31 July 2018	4,110	519	21,283	12,128	38,040	-	38,040

Financial Statements Year Ended 31 July 2018

Consolidated and St George's Balance Sheet

Notes	2018		2017		
	Consolidated £000	St George's £000	Consolidated £000	St George's £000	
Non-current assets					
Intangible assets	11	4,419	4,419	3,901	3,901
Tangible fixed assets	12	70,170	70,170	73,148	73,148
Investments	13	21,952	20,106	20,881	19,280
Investment in associates	16	153	-	181	-
		<u>96,694</u>	<u>94,695</u>	<u>98,111</u>	<u>96,329</u>
Current assets					
Stock		6	6	4	4
Trade and other receivables	17	15,426	15,639	12,699	12,733
Cash and cash equivalents	23	6,079	5,942	10,119	9,688
		<u>21,511</u>	<u>21,587</u>	<u>22,822</u>	<u>22,425</u>
Less: Creditors; amounts falling due within one year	18	(27,695)	(27,896)	(27,862)	(27,831)
Net current assets		(6,184)	(6,309)	(5,040)	(5,406)
Total assets less current liabilities					
		90,410	88,286	93,071	90,923
Creditors: amounts falling due after more than one year	19	(43,219)	(43,219)	(48,711)	(48,711)
Provisions					
Pension provision	20	(7,127)	(7,127)	(7,669)	(7,669)
Total net assets		40,164	38,040	36,691	34,543
Restricted reserves					
Income and expenditure reserve - endowment reserve	21	5,721	4,110	5,552	3,911
Income and expenditure reserve - restricted reserve	22	875	519	996	652
		<u>6,596</u>	<u>4,629</u>	<u>6,548</u>	<u>4,563</u>
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserve		21,287	21,283	18,506	18,524
Revaluation reserve		12,128	12,128	11,456	11,456
		<u>33,415</u>	<u>33,411</u>	<u>29,962</u>	<u>29,980</u>
Non-controlling interest		153	-	181	-
Total reserves		40,164	38,040	36,691	34,543

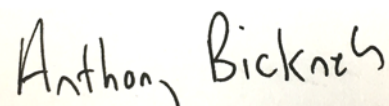
The Financial Statements were approved by Council on 20 November 2018 and were signed on its behalf on that date by:



Michael Draper
Chair of Council



Professor Jenny Higham
Principal



Anthony Bicknell
Treasurer

Financial Statements Year Ended 31 July 2018

Consolidated Cash Flow

Notes	2018 £'000	2017 £'000	
Cash flow from operating activities			
Surplus/(Deficit) for the year	3,473	(425)	
Adjustment for non-cash items			
Depreciation	12	7,491	5,637
Amortisation of intangibles	11	557	475
Gain on investments	13	(1,011)	(1,746)
Increase in stock		2	(1)
Increase in debtors	17	(2,727)	(1,112)
(Decrease)/increase in creditors	18/19	(2,386)	4,614
(Decrease)/increase in pension provision	20	(542)	545
Share of operating deficit in joint venture	15	-	681
Adjustment to reflect share of JV balance sheet	18	-	(2,881)
Share of operating (surplus)/deficit in associate	16	28	(87)
Other non-cash items		23	116
Adjustment for investing or financing activities			
Investment income	5	(570)	(600)
Interest payable	8	1,065	1,121
Capital grant income		(2,771)	(2,599)
Net cash inflow from operating activities	2,632	3,738	
Cash flows from investing activities			
Capital grants receipts		569	793
Investment and endowment income	5	570	600
Payments made to acquire fixed assets	12	(4,480)	(5,667)
Payments made to acquire intangible assets	11	(1,108)	(815)
		(4,449)	(5,089)
Cash flows from financing activities			
Interest paid	8	(1,065)	(1,121)
New unsecured loans		189	758
Repayments of amounts borrowed	18/19	(1,347)	(1,230)
		(2,223)	(1,593)
Decrease in cash and cash equivalents in the year			
	(4,040)	(2,944)	
Cash and cash equivalents at beginning of the year			
	10,119	13,063	
Cash and cash equivalents at end of the year			
23	6,079	10,119	

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

1 Tuition fee and education contracts	2018	2017
	£000	£000
Full-time students charged home fees	21,473	16,495
Full-time students charged overseas fees	9,658	2,624
Part-time fees	338	445
Non-medical education and training funded by the NHS	6,357	10,791
Research training support grants	237	-
Short course fees	541	398
	38,604	30,753

2 Funding body grants	2018	2017
	£000	£000

Recurrent grants

Higher Education Funding Council for England/ Office for Students/Research England	14,236	14,419
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Specific grants

Higher Education Innovation Fund	502	332
Deferred Capital Grants released in the year:		
Buildings	2,458	2,320
Equipment	157	154
	17,353	17,225

3 Research grants and contracts	2018	2017
	£000	£000

Research Councils UK	3,510	2,027
UK government grants – other	1,908	2,189
European Commission	1,780	2,274
Charitable bodies	3,908	3,942
Industry and commerce	1,064	803
Other	1,123	744
Research and development expenditure credit	342	1,332
	13,635	13,311

4 Other operating income	2018	2017
	£000	£000

Residences, catering and conferences	3,056	3,399
Other services rendered	9,173	12,442
SIFT income	156	2,016
Franchise income	2,004	1,163
Other income	4,040	4,654
Deferred capital grants released in the year	651	125
	19,080	23,799

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

5 Investment income	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Investment income on endowments	140	129	104	91
Other investment income	430	471	430	471
	570	600	534	562

6 Donations and endowments	2018	2017
	£000	£000
Restricted donations	416	744
Unrestricted donations	-	144
	416	888

7 Staff costs	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Salaries	39,938	38,632	39,902	38,584
Social security costs	4,028	3,845	4,028	3,840
Movement on pension deficit provision	(699)	546	(699)	546
Other pension costs	5,598	5,601	5,598	5,592
	48,865	48,624	48,829	48,562

Included in the amounts shown above are compensation payments for loss of office totalling £119k (£70k - 2017) relating to 13 individuals (9 - 2017). None of these individuals has served as Principal or key management personnel.

	2018	2017
	£000	£000
Emoluments of the Principal		
Professor Jenny Higham		
Salary, national insurance & apprenticeship levy	280	276
	280	276

Remuneration of other higher paid staff, excluding pension contribution, before salary sacrifice.	2018	2017
	No.	No.
£100,000 to £104,999	-	1
£105,000 to £109,999	1	1
£110,000 to £114,999	-	1
£115,000 to £119,999	1	-
£120,000 to £124,999	-	1
£125,000 to £129,999	3	2
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	1	1
	6	7

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

	2018	2017
	No.	No.
Average staff numbers by major category:		
Academic	260	258
Research	127	130
Management and specialist	12	10
Technical	50	55
Other	309	303
	<u>758</u>	<u>756</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of St George's. Compensation consists of salary and benefits including any employer's pension contribution.

	2018	2017
	£000	£000
Key management personnel compensation	1,649	1,794

Posts included within the definition of key management personnel are: Principal, Deputy Principals (3), Deans (3), Chief Operating Officer, Director of Finance, Institute Directors (3).

Council members

St George's council members are the trustees for charitable law purposes. Due to the nature of St George's operations and the composition of Council, being drawn from local public and private sector organisations, it is almost inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms' length and in accordance with St George's Financial Regulations and usual procurement procedures.

No council member has received any remuneration/waived payments from St George's during the year. Five members of Council claimed expenses to a total of £2,165. This represents travel and subsistence expenses incurred in attending Council and other events in their official capacity and the costs associated with the meetings.

	2018	2017
	£000	£000
8 Interest and other finance costs		
Loan interest	1,065	1,121
Net charge on pension schemes	157	124
Other charges incl. foreign exchange (gains)/losses	(239)	(33)
	<u>983</u>	<u>1,212</u>

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

9 Other operating expenses by activity	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Academic and related expenditure	13,039	11,403	13,039	11,403
Research grants and contracts	4,350	3,262	4,350	3,262
Premises	6,934	6,575	6,934	6,575
Residences, catering and conferences	1,038	1,069	1,038	1,069
Other operating expenses	3,840	4,577	3,758	4,382
	<u>29,201</u>	<u>26,886</u>	<u>29,119</u>	<u>26,691</u>

	2018	2017
	£000	£000
Other operating expenses include:		
Internal auditor remuneration	91	80
External auditor remuneration in respect of audit services	107	90
Corporate subscriptions	341	273
Software licences	710	401
Operating lease rentals	133	100
Grants to Student Union	329	229
Other	2,129	3,404
	<u>3,840</u>	<u>4,577</u>

10 Taxation	2018	2017
	£000	£000
Adjustment in respect of research and development expenditure credit (see note 3)	71	280
	<u>71</u>	<u>280</u>

11 Intangible assets	2018
	£000
Software	
As at 1 August 2017	3,901
Additions in the year	1,108
Transfers	(33)
Amortisation charge for the year	(557)
As at 31 July 2018	<u>4,419</u>

The additions in the year relate to the purchase of computer software, including that under development.

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

12 Tangible Fixed Assets

	Freehold Land	Freehold Building	Leasehold Building	Fixtures, Fittings & Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 August 2017	10,330	26,683	91,801	11,727	1,414	141,955
Additions	-	-	3,219	768	493	4,480
Transfers	-	(298)	1,708	33	(1,410)	33
As at 31 July 2018	10,330	26,385	96,728	12,528	497	146,468
Depreciation						
As at 1 August 2017	-	4,612	53,997	10,198	-	68,807
Charge for the year	-	552	6,392	547	-	7,491
Transfers	-	(133)	133	-	-	-
As at 31 July 2018	-	5,031	60,522	10,745	-	76,298
Net book value						
As at 31 July 2018	10,330	21,354	36,206	1,783	497	70,170
As at 31 July 2017	10,330	22,071	37,804	1,529	1,414	73,148

As at 31 July 2018 freehold land and buildings included £10.3m (2017 - £10.3m) in respect of freehold land and was not depreciated.

A full valuation of St George's halls of residence was carried out as at 31 July 2014 by Gerald Eve LLP.

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Notes to the Accounts

13 Investments

Consolidated	Other fixed asset Investments £000	Subsidiary companies £000	Total £000
As at 1 August 2017	20,871	10	20,881
Expenditure for the year	70	(10)	60
Realised gain/(loss)	89	-	89
Unrealised gain	922	-	922
As at 31 July 2018	21,952	-	21,952
St George's	Other fixed asset Investments £000	Subsidiary companies £000	Total £000
As at 1 August 2017	19,280	-	19,280
Expenditure for the year	(99)	-	(99)
Realised gain	81	-	81
Unrealised gain	844	-	844
As at 31 July 2018	20,106	-	20,106

The investments have been valued at market value.

	Consolidated £000	St George's £000
Analysis by asset		
UK equities	8,878	8,122
International equities	5,859	5,361
Bonds	410	375
Multi-asset funds	1,377	1,260
Hedge funds	1,287	1,178
Property	3,081	2,819
Others	805	736
Cash	255	255
	21,952	20,106

14 Heritage Assets

Since its forebear's foundation in 1733, St George's has acquired a number of heritage assets in the medical field. These include items such as:

- The preserved cow hide with which Edward Jenner discovered the smallpox vaccine
- A cerecloth used to wrap the dead body of King George II
- Post mortem case books from 1841-1946
- Rare medical books dating to the 16th century
- The sofa on which John Hunter died

These assets are maintained by an archivist and a Wellcome Trust award was received this year to conserve the post mortem records.

There are no heritage assets capitalised in the balance sheet for the year ended 31 July 2018 as the elapsed time since acquisition and the information available on acquisition methods render the cost of identifying the appropriate accounting treatment disproportionate to the benefit to be derived by users of the financial statements. No additions in the year under review met the capitalisation threshold of £10,000.

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

15 Investment in joint venture

During the prior year, St George's held a 50% share of INTO St George's Medical School LLP, a limited liability partnership. The interest was held on St George's behalf by its wholly owned subsidiary, St George's Global Partners Ltd.

The arrangement was treated as a joint venture and was accounted for using the equity method, such that 50% of the limited liability partnership's gross assets and liabilities were incorporated into the Consolidated Balance Sheet of St George's and 50% of its net income was reported in St George's Consolidated Statement of Comprehensive Income and Expenditure.

	2018		2017	
	£000	£000	£000	£000
Income and expenditure account				
Income		-		3,994
Deficit before tax		-		(681)
Balance Sheet				
Fixed assets	-		-	
Current assets	-		192	
				192
Creditors: amounts due within one year	-		(2,683)	
Creditors: amounts due in more than one year	-		(390)	
				(3,073)
Share of net liabilities				(2,881)
Adjustment to reflect share of joint venture balance sheet on dissolution		-		2,881
Value of investment in joint venture				-

16 Investment in associates

St George's holds a 40% share in TiKa Diagnostics Limited and a 35% share in BUGS Bioscience Limited via St George's Enterprises Limited.

- TiKa Diagnostics Limited develops supplements to accelerate the growth of tuberculosis in cultures.
- BUGS Bioscience Limited delivers a global platform for molecular surveillance of infectious diseases.

The investments in associates consist of:

	2018	2017
	£000	£000
TiKa Diagnostics Ltd (40%)	85	130
BUGS Biosciences Ltd (35%)	68	51
	153	181

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Notes to the Accounts

17 Trade and other receivables

	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Amounts falling due within one year:				
Research grants receivables	3,063	5,410	3,063	5,410
Trade receivables	7,727	1,137	7,727	1,137
St George's University Hospitals NHS Foundation Trust	2,622	1,097	2,622	1,097
Prepayments and accrued income	1,375	1,587	1,375	1,587
Other receivables	639	3,468	639	3,430
Amounts due from subsidiary companies	-	-	213	72
	15,426	12,699	15,639	12,733

18 Creditors: amounts falling due within one year

	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Unsecured loans	1,463	1,442	1,463	1,442
Deferred capital grants	2,040	923	2,040	923
Research grants and contracts	5,945	7,966	5,945	7,966
Trade payables	3,801	4,661	3,801	4,661
Other payables	5,050	4,636	5,050	4,564
Taxation and social security creditors	1,836	985	1,836	985
St George's University Hospitals NHS Foundation Trust	-	848	-	848
Accruals and deferred income	7,560	6,401	7,560	6,401
Amounts due to subsidiary companies	-	-	201	41
	27,695	27,862	27,896	27,831

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2018	2017
	£000	£000
SIFT Income	91	410
Other deferred income	892	2,650
	983	3,060

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Notes to the Accounts

19 Creditors: amounts falling due after more than one year

	Consolidated		St George's	
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred capital grants	20,228	23,099	20,228	23,099
Unsecured loans	21,383	22,562	21,383	22,562
Other long term liabilities	1,608	3,050	1,608	3,050
	43,219	48,711	43,219	48,711
			2018	2017
			£000	£000
Analysis of unsecured loans				
Due within one year or on demand			1,463	1,442
Due between one and two years			1,479	1,463
Due between two and five years			4,506	4,461
Due in five years or more			15,398	16,638
			22,846	24,004

Included in loans are the following

	Amount	Term	Interest rate
	£000		%
Barclays Bank plc	11,405	30 years	5.08
Barclays Bank plc	1,672	29 years	5.10
Santander UK plc	3,530	25 years	4.20
Santander UK plc	2,188	24 years	4.20
Santander UK plc	1,320	10 years	4.20
Santander UK plc	269	22 years	4.18
Santander UK plc	1,376	9 years	4.15
Santander UK plc	234	8 years	4.15
Salix Finance Ltd	852	5 years	0.00
	22,846		

20 Provision for pension liabilities

	Obligation to fund deficit on USS pension	Obligation to fund deficit on SAUL pension	Obligation to fund deficit on LGPS pension	Total provision
	£000	£000	£000	£000
As at 1 August 2017	(5,184)	(119)	(2,366)	(7,669)
Decrease	5	39	498	542
As at 31 July 2018	(5,179)	(80)	(1,868)	(7,127)

Pension Fund deficit provisions

The obligations to fund the past deficits on the Universities Superannuation Scheme (USS), the Superannuation Arrangements of the University of London (SAUL) and the Local Government Pension Scheme (LGPS) arise from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance.

Financial Statements Year Ended 31 July 2018

Notes to the Accounts

21 Endowment Reserves

Restricted net assets relating to the endowments are as follows:

	Consolidated			St George's		
	Permanent restricted	Expendable	Total	Permanent restricted	Expendable	Total
	£000	£000	£000	£000	£000	£000
As at 1 August 2017						
Capital	2,753	3,602	6,355	1,140	3,602	4,742
Accumulated income	191	(994)	(803)	163	(994)	(831)
	2,944	2,608	5,552	1,303	2,608	3,911
Income for the year						
Investment income	105	35	140	69	35	104
Net income/(expenditure)	(41)	(88)	(129)	(5)	(88)	(93)
Increase in market value of investments	95	63	158	125	63	188
Total endowment income for the year	159	10	169	189	10	199
As at 31 July 2018	3,103	2,618	5,721	1,492	2,618	4,110

Represented by:

Capital	2,848	3,665	6,513	1,265	3,665	4,930
Accumulated income/(excess expenditure)	255	(1,047)	(792)	227	(1,047)	(820)
	3,103	2,618	5,721	1,492	2,618	4,110

Analysis by type or purpose

	Consolidated	St George's
	£000	£000
Lectureships	1,611	-
Scholarships and bursaries	1,388	1,388
Research support	1,736	1,736
Prize funds	727	727
General	259	259
	5,721	4,110

Analysis by asset

UK equities	2,298	1,651
International equities	1,517	1,090
Bonds	106	76
Multi-asset funds	356	256
Hedge funds	333	239
Property	798	574
Others	209	150
Cash	104	74
	5,721	4,110

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Notes to the Accounts

22 Restricted reserves	2018		2017
	Donations	Eleanor Peel restricted I&E	Total
Consolidated	£000	£000	£000
As at 1 August 2017	652	344	996
New donations/income	416	48	464
Expenditure	(549)	(36)	(585)
Total restricted comprehensive income	(133)	12	445
As at 31 July 2018	519	356	875

St George's	2018		2017
	Donations	Total	Total
	£000	£000	£000
As at 1 August 2017	652	652	182
New donations	416	416	679
Expenditure	(549)	(549)	(209)
Total restricted comprehensive income	(133)	(133)	470
As at 31 July 2018	519	519	652

Analysis by type or purpose	Consolidated	St George's
	£000	£000
Lectureships	356	344
Research support	296	652
Student support	223	-
	875	996

23 Cash and cash equivalents	As at	Cash flows	As at
	1 August		31 July
	2017	2018	2018
	£000	£000	£000
Cash and cash equivalents	10,119	(4,040)	6,079

24 Capital and other commitments	2018	2017
	£000	£000
Commitments approved but not contracted for	5,359	3,872
Commitments contracted for	1,639	2,099
	6,998	5,971

25 Operating leases	2018	2017
	£000	£000
Total rentals payable under operating leases		
Payable during the year	116	100
Future minimum lease payments due		
No later than one year	116	77
Later than one year and no later than five years	190	230
Total lease payments due	306	307

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Notes to the Accounts

26 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned/controlled by St George's, are as follows:

Company	Principal Activity	Ownership
St George's Enterprises Ltd	Provides consultancy services to the medical sector on behalf of St George's and holds investments in two spin out companies.	100% owned
	St George's directly holds 2 ordinary shares of £1	
St George's Global Partners Ltd	Held St George's 50% interest in INTO St George's Hospital Medical School LLP, a joint venture with International University Partnerships Ltd.	100% owned
	St George's directly holds 1 ordinary share of £1	
St George's Estates Ltd	Non-trading	100% owned
	St George's directly holds 2 ordinary shares of £1	

27 Related Party Transactions

St George's enjoys close relationships with Kingston University, SGUHFT and similar health providers and purchaser organisations that actively support medical education. Kingston University and SGUHFT are represented on St George's Council. Income from these organisations is included within Other Operating Income – other services rendered in Note 4 and the balance owed by SGUHFT, being the most material, is set out in Note 17 and amounts due to SGUHFT in Note 18.

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 Executive Board. Under the terms of the Joint Arrangement Agreement, the assets, liabilities, income and expenditure of the Faculty are divided equally between St George's and Kingston University. St George's share of the gross income from the contract is recorded in tuition fees and education contracts in Note 1, 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. St George's provides space and an annual grant to the Students' Union of £329k. The Students' Union provides hospitality services and items from its retail outlets to St George's from time to time, for which a charge is made.

Transactions with Council Members are 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 St George's undertakes business. There were no significant transactions with any of these entities.

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Notes to the Accounts

28 Pension Schemes

St George's participates directly in four pension schemes for its employees – the Universities Superannuation Scheme (USS), the Superannuation Arrangements of University of London (SAUL), the National Health Service Superannuation Scheme (NHSSS), the National Employment Savings Trust (NEST) and indirectly through employees in the FHSCE in the Royal Borough of Kingston upon Thames' Local Government Pension scheme (LGPS) and Teachers' Pension Scheme (TPS).

St George's total pension costs were:	2018	2017
	£000	£000
USS	3,192	3,038
SAUL	611	621
NHSSS	1,029	991
TPS	577	697
LGPS	185	249
NEST	3	5
	5,597	5,601

Universities Superannuation Scheme (USS)

The total cost charged to the income and expenditure account was £3.2m (2017: £3.0m). The contribution rate payable by St George's was 18% of employee salaries.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since St George's cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation, which has not yet been completed. The mortality assumptions used in these figures are as follows:

Pre-retirement members' mortality	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Post-retirement members' mortality	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females

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Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2016 projections were adopted with a smoothing parameter of 8.5 and long term rates of 1.8% per annum for males and 1.6% per annum for females. The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
	£bn	£bn
Scheme assets	63.3	60.0
Total scheme liabilities	72.3	77.5
FRS 102 total scheme deficit	8.4	17.5
FRS 102 total funding level	88%	77%

Superannuation Arrangements of the University of London (SAUL)

The total cost charged to the income and expenditure account was £0.6m (2017: £0.6m). The contribution rate payable by St George's was 16% of employee salaries.

St George's participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016). SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

St George's is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from members' accrued pension rights to be met.

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The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020. At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis. The Trustee and the employers have agreed that the ongoing employers' contributions will continue at a rate of 16% of salaries.

St George's is a participating employer in SAUL. 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 assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. St George's accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by St George's.

National Health Service Superannuation Scheme (NHSSS)

The total cost charged to the income and expenditure account was £1.0m (2017: £1.0m). The contribution rate payable by St George's was 14.3% of employee salaries.

The NHSSS is an unfunded defined benefit scheme, funded centrally by the Treasury on a current cost basis and available to staff who immediately prior to appointment at St George's were members of the scheme. As the NHSSS is a multi-employer scheme consequently it is unlikely that it will be possible to identify St George'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 St George's future contribution commitment. A formal valuation of the scheme last took place on 31 March 2012. Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis.

National Employment Savings Trust (NEST)

The National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme in the United Kingdom. It was set up to facilitate automatic enrolment as part of the government's workplace pension reforms under the Pensions Act 2008.

Royal Borough of Kingston upon Thames Pension Funds

St George's indirectly participates in two of 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.

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Notes to the Accounts

Teachers' Pension Scheme

The total cost charged to the income and expenditure account was £0.6m (2017: £0.7m). The employer's contribution rate is 16.48% of employee salaries.

The TPS is a national, statutory, unfunded, defined benefit scheme and it is not possible to identify St George'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.

Local Government Pension Scheme

The total cost charged to the income and expenditure account is £0.2m (2016: £0.2m). The employer's contribution rate is 26.2% of employee salaries.

LGPS is a defined benefit scheme operated on behalf of the employees of Kingston University. The figures disclosed have been derived from the actuarial valuations carried out by Hymans Robertson LLP as at 31 July 2017. The date of the last triennial valuation was 31 March 2016.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2018	2017
Discount rate	2.8%	2.7%
Pensionable salary growth	2.8%	2.9%
Pension increases	2.4%	2.5%

The main demographic assumption used relates to the mortality assumptions. The table below shows the life expectancy assumptions based on male and female members at 65.

	Males	Females
Current pensioners	22.5 years	24.8 years
Future pensioners	24.2 years	26.7 years

St George's share of the scheme assets and liabilities are shown below:

Reconciliation of movement in the fair value of plan assets	2018 £000	2017 £000
Opening position	5,774	5,075
Interest on plan assets	159	124
Plan participants' contributions	62	61
Employer contributions	242	248
Benefits paid	(116)	(130)
Return on assets excluding amounts included in net interest	343	396
Closing position	6,464	5,774

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Reconciliation of the present value of the defined benefit obligation

	2018 £000	2017 £000
Opening position	8,140	7,187
Current service costs	340	310
Interest cost on defined benefit obligation	224	175
Plan participants contributions	62	61
Benefits paid	(116)	(130)
Change in financial assumptions	(383)	537
Closing position	8,267	8,140

29 Financial Instruments

The financial statements have been prepared on the historical cost convention (modified by the revaluation of heritage asset and investments as applicable), except for certain financial assets and liabilities which are carried at fair value or amortised cost as appropriate.

Fair value measurements are, to the extent possible, based on quoted prices in active markets for identical assets or liabilities that the entity can access. Where quoted prices are not available St George's then, also to the extent possible, uses observable market data for the asset or liability, either directly or indirectly. All other fair value measurements are based on unobservable inputs for the asset or liability. Further details are provided in the accounting policies.

	Consolidated		St George's	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial Assets				
Investments	20,106	20,881	20,106	19,280
Trade and other receivables	16,284	12,699	16,284	12,661
Amounts due from subsidiary companies	-	-	213	72
	36,390	33,580	36,603	32,013

	Consolidated		St George's	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial Liabilities				
Unsecured loans	22,846	24,004	22,846	24,004
Trade payables	5,637	5,509	5,637	5,509
Accruals and deferred income	8,968	6,401	8,968	6,401
Other long-term creditors	35,544	40,659	35,544	40,587
Amounts due to subsidiary companies	-	-	201	41
	72,995	76,573	73,196	76,542

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Notes to the Accounts

30 Accounting estimates and judgements

St George's has made the following key assumptions concerning the future and key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year such as:

Pension

The principal assumptions relate to mortality of members, the rate of staff cost inflation and the discount rate.

Office for Students clawback

An estimate has been made on the number of non-completing students which may result in a clawback of Office for Students income.

31 Exceptional Item

As a result of the dissolution of the INTO St George's Medical School LLP, SGUL agreed to pay INTO University Partnerships (IUP) £4.8m in return for receiving all future fees from students taking St George's International MBBS programmes. SGUL is responsible for all costs relating to these courses whilst students are enrolled on these programmes. These payments will be paid to IUP based on an agreed schedule which is approximately in line with the fees which will be received.

The LLP was formally dissolved on 30 November 2017 and no major activity was undertaken in the period between 31 July and 30 November 2017.

	2018 £000	2017 £000
Settlement payment	-	(4,800)
Write off of outstanding debtors	-	(2,720)
Write off of loan	-	(400)
Adjustment to reflect share of joint venture balance sheet on dissolution	-	2,881
Exceptional item	-	(5,039)