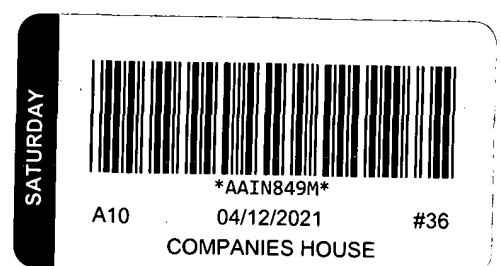


# **Kingston University Service Company Limited**

Report and Financial Statements

Year Ended 31 July 2021

Company Number: 03134175



# Kingston University Service Company Limited

## Report and financial statements for the year ended 31 July 2021

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### Directors

A M Boggs (appointed 1 November 2021)  
E C Boynton (appointed 1 November 2021)  
M Flanagan  
C G Mawhood

### Registered office

River House, 53-57 High Street, Kingston upon Thames, Surrey, KT1 1LQ

### Company number

03134175

### Auditor

BDO LLP, 2 City Place, Gatwick, West Sussex, RH6 0PA

# Kingston University Service Company Limited

## Strategic report for the year ended 31 July 2021

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The directors present their strategic report, together with the financial statements, for the year ended 31 July 2021.

### Review of the business

The company is a wholly owned subsidiary of Kingston University. The principal activity of the company derives from a contract with Kingston University relating to the provision of facilities services and contract management services for Kingston University residences and property units.

### Results and performance

The results of the company for the year, as set out in the statement of comprehensive income on page 8, show a profit on ordinary activities before tax and actuarial losses of £1,190k (2020: £551k).

The profit includes £152k additional income from the government coronavirus job retention scheme (CJRS) as a result of placing staff on furlough during the Covid-19 extended campus closure. With the exception of the CJRS income, the performance of the company during 2020/21 was in line with expectations.

The company reported actuarial gain, after interest charged, of £1,212k (2020: loss £1,391k).

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year before any FRS102 actuarial valuation adjustments. Details of the amounts owed to the parent undertaking are shown in note 7 on page 14.

#### *Covid-19*

Measures taken by the government to contain the Covid-19 outbreak have continued to impact the business and we continue to take a number of measures to monitor and prevent the effects of the Covid-19 virus. These include health and safety measures for our employees such as social distancing and working from home where possible, as well as securing the supply of personal protective equipment that is essential to delivering Covid-19 safe enhanced services for Kingston University as the campuses re-open. At this stage the impact on our business and results is limited with extra costs being funded by redirecting business as usual budget savings.

#### *Going concern*

The directors have carried out an assessment of the company's ability to continue as a going concern by reviewing the budget for the period ended 30 November 2022. The company has a single annual contract with Kingston University, its ultimate parent undertaking, for the provision of facilities management services. Under the terms of the contract Kingston University is required to settle the fee each month ahead of salary payments. The primary facilities management contract between the University and the company includes a 12 months' notice period should the University decide to terminate the contract. The company also has the flexibility to restructure its workforce to meet the demands of this contract by reviewing shift patterns and using employees to carry out functions that are currently being outsourced. For the year ending 31 July 2022 this contract was renewed at a fee of £9.4m and based on the current working relationship with Kingston University the expectation is that the contract will also be renewed for 2022/23. The original facilities management contract commenced on 1 January 1998. Should the contract not be renewed the company is able to draw on substantial cash resources of £7.2m to meet costs arising during the remainder of the going concern period. Based on these factors the directors consider the company to be a going concern and have therefore prepared the financial statements on this basis.

### Business environment

The company's business derives from a single contract with Kingston University for the provision of hard and soft facilities management services and contract management services.

The educational market continues to change, be this by Government policy as it responds to Covid-19 or increasing competition. The company is cognisant of this as reflected by its immediate response to the impact of Covid-19 which has enabled the timely re-opening of campuses.

# Kingston University Service Company Limited

## Strategic report for the year ended 31 July 2021 (*continued*)

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### Strategy

The company is wholly dependent on the business needs of Kingston University through its service level agreements. The company's unique structure allows it to exploit greater commercial freedoms than a contracted-in service, and its strategy is to further exploit these freedoms driving service and financial improvements by aligning itself with best commercial practices. The company continues to benefit from its campus centric business model through more focused and enhanced service delivery and engagement with the end users.

### Key performance indicators

Working within the parameters of the budget is a key performance measure, which the company achieved. For the current financial year the company is reporting a favourable variance to budget of £405k (2020: £492k favourable). This is due to reduced income of £75k and an expenditure underspend of £480k, both predominantly due to the impact of Covid-19.

The company regularly measures its service delivery across a range of metrics as defined by the Service Level Agreements. These are formally reported at monthly Authorised Officer meetings with the client representative team.

### Principal risks and uncertainties

The main risk for the company would be an inability to deliver services to Kingston University. The company manages this risk through regular monitoring and reporting of service delivery and by having appropriate arrangements for staff training, development and risk management in place.

As Kingston University is the sole customer to the company a further risk resides should the company lose the University's custom. This risk is mitigated through a facilities management contract.

### Future developments

There have not been any changes to the company's principal activity in the year under review.

The services managed by the company on behalf of Kingston University continue to increase and includes the contract management for Kingston University's parking contract, the datacentres maintenance and the water-cooler contract.

Additionally, the company has been deemed operationally best placed to manage the procurement, stock management and distribution of all Kingston University personal protective equipment, enhanced sanitisation and social distancing services.

### Approval

This strategic report was approved by order of the Board on 1 November 2021.



A M Boggs

Director

# Kingston University Service Company Limited

## Report of the directors for the year ended 31 July 2021

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### Directors

The directors of the company throughout the year and to the date of this report were:

A M Boggs (appointed 1 November 2021)  
Emily C Boynton (appointed 1 November 2021)  
K G Brennan (resigned 31 October 2021)  
M Flanagan (non-executive)  
C G Mawhood (non-executive)

### Directors' interest

None of the directors had a beneficial interest in any group company at any time during the year.

### Dividends

No dividends were paid during the year (2020 - £Nil).

During the year a qualifying charitable donation of £632k (2020: £432k) was paid to Kingston University, the ultimate parent undertaking.

### Likely future developments in the business of the company

Information on likely future developments in the business of the company has been included in the strategic report on pages 1 and 2.

### Employee involvement and employment of disabled people

The directors place considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, with employee representatives being consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Auditor

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

### Approval

This Directors' Report was approved by order of the Board on 1 November 2021.



A M Boggs

Director

# **Kingston University Service Company Limited**

## **Statement of directors' responsibilities**

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### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Kingston University Service Company Limited

## Independent auditor's report to members of Kingston University Service Company Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kingston University Service Company Limited ("the Company") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# Kingston University Service Company Limited

## Independent auditor's report to members of Kingston University Service Company Limited *(continued)*

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### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company 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.



# Kingston University Service Company Limited

## Independent auditor's report to members of Kingston University Service Company Limited (continued)

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

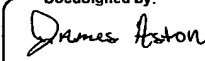
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters
- Challenging assumptions made by management in their significant accounting estimates
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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James Aston MBE (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick

Date 26 November 2021

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

# Kingston University Service Company Limited

## Statement of comprehensive income for the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
<b>Turnover</b>		<b>10,210</b>	9,957
Cost of sales		(8,213)	(8,298)
<b>Gross profit</b>		<b>1,997</b>	1,659
Other income		152	438
Administrative expenses		(923)	(1,522)
<b>Operating profit</b>	<b>3</b>	<b>1,226</b>	575
Other interest receivable and similar income		22	45
Other finance costs		(58)	(69)
<b>Profit on ordinary activities before taxation</b>		<b>1,190</b>	551
Taxation on profit on ordinary activities	<b>5</b>	-	-
<b>Profit for the financial year</b>		<b>1,190</b>	551
Actuarial gain/(loss) on defined benefit scheme		1,212	(1,391)
<b>Total comprehensive income/(loss) for the year</b>		<b>2,402</b>	(840)

All amounts relate to continuing activities.

The notes on pages 11 to 17 form part of these financial statements.

# Kingston University Service Company Limited

Balance sheet  
at 31 July 2021

**Company number: 03134175**

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Current assets</b>					
Stock		46		19	
Debtors	6	74		161	
Cash at bank and in hand		7,178		7,035	
		<u>7,298</u>		<u>7,215</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(627)</u>		<u>(570)</u>	
<b>Total assets less current liabilities</b>			<u>6,671</u>		<u>6,645</u>
<b>Pension liability</b>	8		<u>(3,086)</u>		<u>(4,830)</u>
<b>Net assets</b>			<u>3,585</u>		<u>1,815</u>
<b>Capital and reserves</b>					
Called up share capital	9		-		-
Profit and loss account			<u>3,585</u>		<u>1,815</u>
<b>Equity shareholder's funds</b>			<u>3,585</u>		<u>1,815</u>

The financial statements were approved by the Board of Directors and authorised for issue on 1 November 2021.



A M Boggs

Director

The notes on pages 11 to 17 form part of these financial statements.

# Kingston University Service Company Limited

## Statement of changes in equity for the year ended 31 July 2021

	2021	2021	2021
	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
<b>As at 1 August</b>	-	1,815	1,815
Comprehensive income for the year	-	1,190	1,190
Qualifying charitable donation	-	(632)	(632)
<i>Other comprehensive income:</i>			
Actuarial gain on pension scheme	-	1,212	1,212
<b>As at 31 July</b>	-	3,585	3,585

	2020	2020	2020
	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
<b>As at 1 August</b>	-	3,087	3,087
Comprehensive income for the year	-	551	551
Qualifying charitable donation	-	(432)	(432)
<i>Other comprehensive loss:</i>			
Actuarial loss on pension scheme	-	(1,391)	(1,391)
<b>As at 31 July</b>	-	1,815	1,815

The notes on pages 11 to 17 form part of these financial statements.

# Kingston University Service Company Limited

## Notes forming part of the financial statements for the year ended 31 July 2021

### 1 Accounting policies

Kingston University Service Company Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

#### *Going concern*

The directors have carried out an assessment of the company's ability to continue as a going concern by reviewing the budget for the period ended 30 November 2022. The company has a single annual contract with Kingston University, its ultimate parent undertaking, for the provision of facilities management services. Under the terms of the contract Kingston University is required to settle the fee each month ahead of salary payments. The primary facilities management contract between the University and KUSCO includes a 12 months' notice period should the University decide to terminate the contract. The company also has the flexibility to restructure its workforce to meet the demands of this contract by reviewing shift patterns and using employees to carry out functions that are currently being outsourced. For the year ending 31 July 2022 this contract was renewed at a fee of £9.4m and based on the current working relationship with Kingston University the expectation is that the contract will also be renewed for 2022/23. The original facilities management contract commenced on 1 January 1998. Should the contract not be renewed the company is able to draw on substantial cash resources of over £7.2m to meet costs arising during the remainder of the going concern period. Based on these factors the directors consider the company to be a going concern and have therefore prepared the financial statements on this basis.

#### *Company disclosure exemptions*

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the company; and
- no disclosure has been given for the aggregate remuneration of the key management personnel.

The following principal accounting policies have been applied:

#### *Turnover*

Turnover is recognised over the period of service delivery and is in relation to the principal activity. Turnover arises in the UK and excludes VAT.

#### *Grant funding*

Government revenue grants including Coronavirus Job Retention Scheme for furloughed employees are accounted for under the accrual model and are recognised in other income over the period in which the University recognises the related costs for which the grant is intended to compensate. 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 one year as appropriate.

#### *Current taxation*

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

No provision is made for taxation where a qualifying charitable donation has been paid in the year or where it is probable that an amount equal to the taxable profits will be paid within nine months of the period end.

#### *Stock*

Stock is valued at the lower of cost and net realisable value.

# Kingston University Service Company Limited

## Notes forming part of the financial statements for the year ended 31 July 2021 (*continued*)

### 1 Accounting policies (*continued*)

#### *Qualifying charitable donations*

The company is a subsidiary of a charitable higher education institution and makes qualifying charitable donations of an amount equal to taxable profits to its parent entity either within the year or within nine months of the year ended in each financial year. As these amounts represent distributions they are presented in the Statement of Changes in Equity. This distribution will be presented in the financial statements of the period in which the distribution is paid.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The Company also contributes to a defined benefit pension plan. The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Financial assets*

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Reserves*

The purpose of each reserve within equity is as follows:

- Share capital - the nominal value of allotted, called up and fully paid up ordinary share capital.
- Profit and loss account - cumulative net gains and losses recognised in the statement of comprehensive income, net of dividends paid.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following estimates:

- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated salary increases. Valuations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

### 3 Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	10	10

# Kingston University Service Company Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 4 Employees

	2021 £'000	2020 £'000
Staff costs consist of:		
Wages and salaries	6,469	6,011
Social security costs	561	539
Employer's pension contributions	527	564
Other employer's pension costs	(590)	12
	<u>6,967</u>	<u>7,126</u>

In addition to the salary cost above, Kingston University Service Company Limited payroll includes salary cost of £nil (2020: £158k) relating to staff who perform work for Kingston University Campus Enterprises Limited. These costs are recharged in full to Kingston University Campus Enterprises Limited.

No remuneration was paid to any director in the year (2020: £nil).

The company made no pension contributions on behalf of the directors (2020: £nil).

Certain of the directors receive remuneration from Kingston University, the parent entity, in respect of their services to Kingston University and the company. The amount allocated to the company in respect of these services in the current and prior year is £nil.

The average number of employees (including directors), expressed as full-time equivalents, during the year was as follows:

	2021 No.	2020 No.
Operational staff and administrative support	<u>196</u>	<u>212</u>

## 5 Taxation on profit on ordinary activities

	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	-	-
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

The company pays profits to its parent under gift aid, a reconciliation of the tax charge to the loss on ordinary activities before tax is set out below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	<u>1,190</u>	<u>551</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	226	105
Effects of:		
Probable qualifying charitable donation	(237)	(120)
Pension adjustment not subject to tax	11	15
Total tax charge for period	<u>-</u>	<u>-</u>

# Kingston University Service Company Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 6 Debtors

	2021 £'000	2020 £'000
Trade debtors	5	21
Other debtors	18	9
Prepayments and accrued income	51	131
	<u>74</u>	<u>161</u>

## 7 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	54	129
Amounts owing to parent undertaking	2	2
Other creditors	204	199
Accruals and deferred income	367	240
	<u>627</u>	<u>570</u>



# Kingston University Service Company Limited

## Notes forming part of the financial statements for the year ended 31 July 2021 (*continued*)

### 8 Pensions

#### Defined benefit pension scheme

The defined benefit scheme for employees of the company was the London Pension Fund Authority ('LPFA'), a multi-employer scheme whose assets are administered by Trustees in a managed fund.

On 28 February 2019 the company's participation in the LPFA ceased. On 21 October 2019 a Funding Agreement was entered into with the LPFA whereby the company continues to be treated as if it was an admission body in the fund and will repay the deficit repayment amount over a period of 17 years. The deficit repayment amount and the deficit repayment period will be reassessed following each triennial review of the pension scheme. The recent triennial valuation was £5.7m as at 31 March 2019. The repayment for the year ending 31 July 2021 is £318k (2020: £310k). Under the agreement, the parent entity, Kingston University, has provided assets as security for this liability.

The figures below have been derived from the actuarial valuation dated 31 July 2021 carried out by a qualified independent actuary. Contributions to the scheme are made by the company based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

	2021 £'000	2020 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	14,275	12,838
Current service cost	-	-
Interest cost	182	258
Change in financial assumptions	473	1,628
Changes in demographic assumptions	(209)	102
Experience gain on defined benefit obligation	(326)	(72)
Benefits paid	(489)	(479)
Contributions by scheme participants and other employers	-	-
	<hr/>	<hr/>
At the end of the year	13,906	14,275
	<hr/>	<hr/>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	13,906	14,275
	<hr/>	<hr/>

# Kingston University Service Company Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 8 Pensions (*continued*)

### Defined benefit pension scheme (*continued*)

	2021 £'000	2020 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	9,445	9,480
Interest on plan assets	124	189
Return on assets less interest	1,150	302
Other actuarial losses	-	(35)
Administration expenses	(12)	(12)
Contributions by employer including unfunded contributions	602	-
Contributions by scheme participants and other employer	-	-
Benefits paid	(489)	(479)
	<hr/>	<hr/>
At the end of the year	10,820	9,445
	<hr/>	<hr/>
Fair value of plan assets	10,820	9,445
Present value of plan liabilities	(13,906)	(14,275)
	<hr/>	<hr/>
Net pension scheme liability	(3,086)	(4,830)
	<hr/>	<hr/>
<i>Amounts recognised in the profit and loss amount are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	-	-
Administration expense	12	12
	<hr/>	<hr/>
	12	12
	<hr/>	<hr/>
<i>Amounts included in other finance costs</i>		
Net interest on the defined liability	58	69
	<hr/>	<hr/>
<i>Analysis of actuarial gain/(loss) recognised in other comprehensive income/(loss)</i>		
Actual return less interest income included in net interest income	1,150	302
Other actuarial losses	-	(35)
Changes in financial assumptions	(473)	(1,628)
Change in demographic assumptions	209	(102)
Experience gain on defined benefit obligation	326	72
	<hr/>	<hr/>
	1,212	(1,391)
	<hr/>	<hr/>

# Kingston University Service Company Limited

Notes forming part of the financial statements  
for the year ended 31 July 2021 (*continued*)

## 8 Pensions (*continued*)

	2021 £'000	2020 £'000
<i>Composition of plan assets</i>		
Equities	6,072	5,187
Target return portfolio	2,337	2,149
Infrastructure	948	653
Property	903	876
Cash	560	580
	<hr/>	<hr/>
Total plan assets	10,820	9,445
	<hr/>	<hr/>
<i>Actual return on plan assets</i>	13.41%	5%
	<hr/>	<hr/>
	2021 %	2020 %
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	1.55	1.30
Future salary increases	n/a	2.65
Future pension increases	2.85	2.30

There is no future salary increase this year because on 28 February 2019 the company's participation in the LPFA ceased (see page 15).

The contributions from the employer are recorded as £602k for 2020/21 and nil for 2019/20. It has materialised that the correct values should have been £318k for 2020/21 and £310k for 2019/20. This has not been treated as a prior period adjustment as the cash was received in September 2020 and therefore the contribution would not have been reflected in the pension assets as at 31 July 2020.

## 9 Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
100 (2020 - 100) ordinary shares of £1 each	100	100
	<hr/>	<hr/>

## 10 Ultimate parent undertaking

Kingston University Service Company Limited is a wholly owned subsidiary of Kingston University, which was created under the terms of the Further and Higher Education Act 1992. Consolidated financial statements for the University, its ultimate parent undertaking and the only group which includes the company, can be obtained by writing to:

Finance Director  
Kingston University  
River House  
53-57 High Street  
Kingston upon Thames  
Surrey  
KT1 1LQ

Kingston University is considered to be the controlling and ultimate controlling party of Kingston University Service Company Limited.