



Reports and  
financial statements  
For the year ended  
31 July 2011



# Contents

Composition and Membership of the Council .....	2
Membership of the Audit Committee .....	3
Membership of the Senior Management Team and Financial Advisers .....	3
Report of the Warden .....	4
Public Benefit Statement .....	14
Statement of Corporate Governance and Internal Control .....	17
Independent Auditors' Report .....	21
Income and Expenditure Account .....	22
Statement of Total Recognised Gains and Losses .....	24
Balance Sheet .....	25
Cash Flow Statement .....	26
Notes to the Accounts .....	27

# Council Membership

## Composition and membership of the Council 2010-11

*Changes in the Autumn of 2011 are also marked in italics*

**Note: The members of Council as listed below are also the trustees of the College in relation to its status as an exempt charity.**

### Class 1

Chair Mr Christopher Jonas

### Class 2

*Ex officio* members, namely:

The Warden Mr Patrick Loughrey

the Pro-Wardens Dr Philip Broadhead  
Professor Simon McVeigh  
Professor Jane Powell

the Clerk to the Goldsmiths' Company Mr Dick Melly

the President of the Students' Union. Ms Bindz Patel; *succeeded by Mr James Haywood for 2011-12*

### Class 3

Elected members, namely:

three members of the Academic Board Professor Alan Downie; *succeeded by Professor Richard Noble in 2011-12*  
Professor Catherine Alexander  
Professor Mark d'Inverno

one member of the Senior Academic Staff Dr Gareth Stanton

one member of the Non-Academic Staff, by that Staff in accordance with procedures prescribed by the Ordinances Mr Richard Bolley

one student [Union Chair] Mr Tom Williams

### Class 4

14 persons, not being members of staff or students who shall be representative of educational, economic, social, cultural, charitable, community and other interests relevant to the work of the College

Mr Mark Baillache  
Dr Virginia Brooke  
Ms Althea Efunshile  
Mr Rupert Evenett  
Mr James Grierson  
Dr Alison Henwood  
Mr Brian Lymbery  
Mr Kenneth May  
Baroness Morris of Yardley (*to 31 August 2011*)  
Ms Cathy Runciman  
Ms Mary Stacey  
Ms Colleen Toomey  
*2 vacancies in 2010-11*  
*New members from 1 September 2011:*  
Mr Dan Lambert  
Ms Jessica Wanamaker

### Class 5

at the discretion of the Council, one further person, who may or may not be a member of staff or a student. Mr Jack Barnes (*to 31 October 2010 only*)

Members of Council are not remunerated for their services in this capacity, although they are entitled to claim reasonable expenses. However, nine of the members listed above were salaried members of staff of the College during their period of service on Council.

Expenses were claimed by 2 Council members during the financial year 2010-11. These totalled £4,000 (rounded to the nearest thousand pounds, as recommended by HEFCE), and related to travel and subsistence.

No third party transactions were declared by members of Council in 2010-11. The President of the Students' Union is a trustee of both the College and Goldsmiths' Student Union therefore the two entities are related parties. Transactions between the parties are disclosed in note 36 to the accounts.

#### Composition and membership of audit committee 2010-11

*Change in the Autumn of 2011 also included in italics*

Chair: an independent member of Council appointed by Council:	Dr Alison Henwood <i>(except for the period up to 31 October 2010, when the Committee was chaired by Mr Jack Barnes)</i>
Three members of Council appointed by Council	Dr Virginia Brooke Mr Brian Lymbery <i>Ms Cathy Runciman (from 1 September 2011)</i>
Two members appointed by Council:	The Earl of Harrowby Mr Frank Toop
Up to two co-opted members	Mr Robert Russell
Secretary:	Miss Rosemary Harrison

#### Composition and membership of the senior management team 2010-11

*There were no compositional or membership changes in the Autumn of 2011*

Chair: Warden:	Mr Patrick Loughrey
Pro-Wardens:	Professor Simon McVeigh (also Deputy Warden), Dr Philip Broadhead and Professor Jane Powell
Registrar and Secretary:	Mr Hugh Jones
Director of Finance:	Ms Sally Townsend
Secretary:	Ms Reeva Charles

#### Auditors and Bankers

**Auditors**  
Deloitte LLP  
Chartered Accountants and Statutory Auditors  
1 Woodborough Road  
Nottingham, UK

**Bankers**  
National Westminster Bank PLC  
65 Peckham High Street  
London, UK

# Report of the Warden

## Scope of the financial statements

The financial statements comprise the results of Goldsmiths' College, also known by the brand name "Goldsmiths, University of London".

The College has one subsidiary company, Pure Goldsmiths Ltd, which did not trade in the current or previous financial years.

## Introduction

Goldsmiths is a unique institution with a global reputation for its leading and challenging work in the arts, humanities, social sciences, psychology and computing. Everything we do is based on the highest academic standards of teaching and research. The College brings creative and unconventional approaches to all its subjects, the freedom to experiment, tolerance and diversity, to think differently, to be an individual.

Internationally renowned for a creative and innovative approach to teaching and research, Goldsmiths has nearly 9,000 students taking part in undergraduate, postgraduate, teacher training and return-to-study opportunities in subjects covering the arts, social sciences, humanities and computing. The College also provides distance learning and flexible learning through the University of London International Programmes.

We have been part of the University of London for over 100 years, and are ranked 9th in the UK for world-leading 4\* research (Research Assessment Exercise 2008). Our academic excellence is illustrated by our membership of the 1994 Group, which brings together a select number of research-focused universities.

Goldsmiths strives to be at the cutting edge of teaching and research in all of its subjects and its unique academic approach comes from the interaction and co-operation of 15 academic departments, together with a number of smaller centres and units.

## Operations

We are proud of our origins as a technical and recreative institute set up in 1891 to provide educational opportunities for the people of New Cross, and we remain committed to the local community and life-long learning. As Sir Steve Bullock, Mayor of Lewisham, has said, "Goldsmiths is knitted into the fabric of Lewisham".

Many of our former students have become leaders and innovators in their chosen fields. They include Antony Gormley, Sam Taylor-Wood, Julian Clary, Mary Quant, Linton Kwesi Johnson, Bridget Riley, Tessa Jowell, Graham Coxon and Malcolm McLaren. The success of our art alumni is well documented – six winners of the Turner Prize have studied here – but we make equally strong contributions to many other areas. Our internationally-recognised Department of Media and Communications; our Department of Sociology,

whose research places it top in the UK; our Department of Professional and Community Education, which is a UK leader in professional development and consistently ranks top in student satisfaction surveys; and our Department of Computing whose striking work on the boundaries of computing and the creative and performing arts excites business and cultural organisations alike.

Goldsmiths' academic success stems from a unique philosophy that is creative, radical and intellectually rigorous, linked to a student body whose breadth and diversity helps nourish the creativity of the institution, and the College is committed to attracting the most promising academic talent from a wide range of backgrounds, and to ensure that we continue to build on this strong tradition. The specific measures which we are taking to support students in an increasingly difficult financial environment are outlined in the Public Benefit statement below.

## Putting Goldsmiths on the map

Looking ahead, this year will be an exciting one for Goldsmiths and for London. In the run up to the 2012 Olympics, the world's eyes will be on the city we live, work and study in. To set us in the very best position, we've launched a brand awareness campaign to demonstrate everything we consider special about Goldsmiths: the academic potential and variety of our students, the positive impact they have on their communities, along with the intellectual talent Goldsmiths attracts and nurtures.

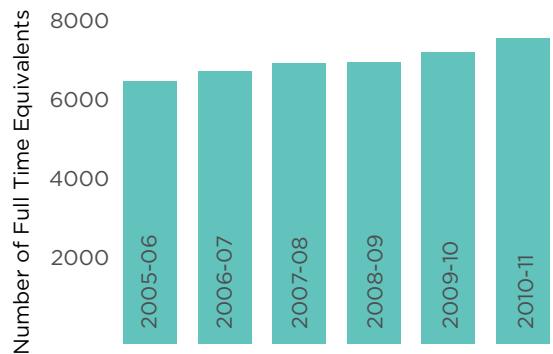
**Staff and students**

Goldsmiths has around 5,000 full-time equivalent undergraduates and 2,000 full-time equivalent postgraduates, 12% of them from outside the European Union. The College employs approximately 1,500 staff, including almost 400 academics. Our colleagues are award-winning, with accolades being won for teaching, professional services, publications, community events, social media and research. We aim to be at the forefront of accredited staff development and professional development opportunities are open to all colleagues. Alongside this, new academic staff are encouraged to undertake an in-house programme to develop teaching skills to enhance our students' learning experience.

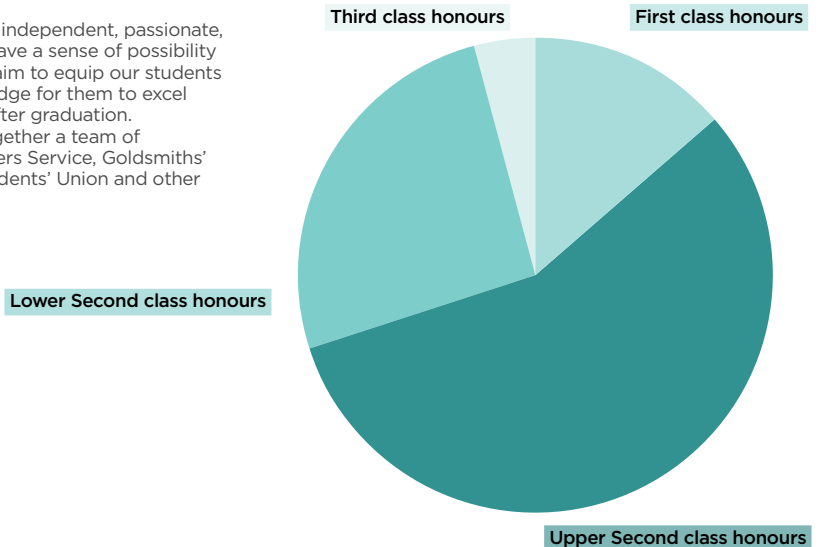
Goldsmiths offers a range of undergraduate, postgraduate and continuing and professional development courses. These include: arts and humanities: art, design, theatre and performance, history, English and comparative literatures, media and communications, music, visual cultures; social and behavioural sciences: anthropology, politics, sociology and psychology; professional and community education, including social work and psychotherapeutic studies; computing; and education, with interdisciplinary work undertaken across all areas. The unifying factors spanning these diverse subjects are a liberal and creative approach to teaching and learning, with the emphasis on freedom of thought and expression alongside high and rigorous standards, and a research-led teaching ethos.


Our students graduate as confident, independent, passionate, engaged members of society who have a sense of possibility and optimism about the future. We aim to equip our students with the necessary skills and knowledge for them to excel in whatever they decide to pursue after graduation. To help achieve this, we have put together a team of employability experts from the Careers Service, Goldsmiths' Learning Enhancement Unit, the Students' Union and other specialist areas.

**Goldsmiths' Student FTE**



**Undergraduate students successfully completing degrees by classification 2010-11**





There has been real improvement in our National Student Survey results for 2011, especially those relating to students' satisfaction levels in general. The quality of our teaching – which has always been ranked highly – remains good. Overall, the College's score has increased from 4.0 to 4.1. This is considered a small but significant improvement and a promising indication that efforts to improve student satisfaction are beginning to work. A number of departments have achieved significant success in increasing satisfaction levels, most notably Art, History, Sociology, Computing, Music and Psychology. Design and Anthropology also returned strong results.

We are keen to enhance the quality of the student experience and over the year have responded to issues raised both by students in their feedback to us and by Goldsmiths' Students' Union. As part of this we launched 24-hour access to the Library and IT facilities in the Rutherford Building seven days a week. This has proved to be a great success and levels of student satisfaction have improved as a result.

The refurbishment of teaching rooms across the College has continued to progress, and by September 2011 many of our main teaching spaces had been upgraded. We have also set aside additional funds to continue the programme in 2011-12.

### Research and Enterprise

During 2010-11 there has been a sustained focus on further embedding an integrated approach at both strategic and operational levels to support and grow our research, enterprise and knowledge exchange activities. Published in 2010, the Research and Enterprise Strategy has informed the development of the College's new Strategic Plan articulating specific aims which recognise the increasing synergies between academically motivated research and our interactions with external organisations. In parallel the Research and Business Development Offices (RO and BDO), which support the delivery of these objectives, were reconfigured in order to facilitate collaborative working through shared administrative support and the co-location of staff. These changes build on the successful creation in 2010 of a new Research and Knowledge Transfer Officer post working across the two offices; this has boosted engagement of non-academic partners in research projects, and has thus contributed to increasing and diversifying our income streams.

The BDO is supported by the Higher Education Innovation Fund (HEIF). Goldsmiths' annual allocation for the period 2011-15 is £331,151; although this is approximately 10% lower than in the previous HEIF round, the reduction is modest in comparison with those received by many other institutions with a similar disciplinary mix, and reflects our relatively strong performance during the last three years. Thus the continuing investment recognises our achievements in developing strategic partnerships, supporting consultancy, and cultivating new research collaborations with external organisations. In 2010-11 these included:

- a strategic partnership with the BBC that secured a total of £1.2 million of funding through nine joint projects involving students and staff from five academic departments
- Goldsmiths' participation as a partner in a successful bid for a £4 million AHRC Knowledge Exchange Hub for the Creative Economy
- a range of consultancy projects in which industry partners in sectors such as design, marketing, social media, journalism, theatre and healthcare are working with academic researchers from departments including Computing, Cultural Studies, Design, Sociology and Psychology.

The continuing expansion of Goldsmiths' engagement in consultancy has been underpinned by the development and implementation, during 2011, of a new Consultancy Policy designed to incentivise and facilitate such activity in a flexible manner.

**Support for research staff development:** The Research Office has collaborated with the Staff Development team in Human Resources to enhance the provision of learning and development activities for Goldsmiths' research staff, in keeping with the Concordat to Support the Career Development of Researchers. The key principles of the Concordat are being addressed systematically and College-wide through the establishment during 2010-11 of a Concordat Implementation Group. Membership comprises stakeholders from across academic and support departments, and a key aim for the coming year is to embed the Researcher Development Framework as part of the strategic approach taken within all academic departments.

**Research successes:** Goldsmiths' brand of exploratory and creative research has continued to be endorsed by funding agencies in the UK and Europe. Our researchers have been especially successful in winning funding from the European Research Council (ERC). Also known as the FP7 "Ideas" Programme, its remit is specifically to enable truly creative scholars to take risks by going beyond established frontiers of knowledge and crossing disciplinary boundaries. Goldsmiths has been awarded a further three ERC grants this year, establishing the College as a significant force in innovative interdisciplinary research. These awards were to:

- **Professor Cassidy** in the Department of Anthropology: €1.2m for a project entitled 'Gambling in Europe' which employs an innovative anthropological approach to study gambling as a social and cultural activity;
- **Dr Guggenheim** in the Department of Sociology: €1.18m for a project entitled 'Organising disaster: Civil Protection and the Population' which investigates these issues in diverse settings;
- **Dr Weizman** in the Department of Visual Cultures: €1.2m for a project entitled 'Forensic Architecture: The space of law in war'. This takes a new analytical approach to probing the political and social histories inscribed in spatial artefacts and built environments.



**EU FP7 developments:** This year, Goldsmiths' participation in European Framework Programmes has matured further, with Dr Freeman from the Department of Psychology leading a consortium of 16 European institutions in a €6.5m project, the Collective Experience of Empathic Data Systems (CEEDS). This four year project will develop novel and integrated technologies to support the analysis and understanding of very large datasets.

**RCUK Funding:** Among numerous awards from UK funders, a notable success has been an award of £994k from the "Energy and Communities" scheme funded jointly by the ESRC and EPSRC. This project entails collaboration between the departments of Sociology and Design. Led by Professor Michael, Professor Gaver and Dr Gabrys, it utilises a range of methods to explore how communities can take innovative 'ownership' of technologies and systems to reduce the demand for energy.

#### Student achievements

Amongst the many student achievements this year, several are particularly encouraging in terms of employability and business partnership, including the following:

#### **Goldsmiths student makes final of New Sensations art prize**

Ronin Cho has been chosen as one of the four finalists in the running for the New Sensations Prize, run by the Saatchi Gallery and Channel 4. The Korean artist graduated this year from Goldsmiths' MFA in Computational Studio Art.

The New Sensations finalists have each been commissioned to produce a new piece of work for the prize. The four new works will be on show at an exhibition in October, and a documentary made about each of the final candidates will be shown on Channel 4.

Goldsmiths will also be represented at the show by Tal Regev, one of the 20 shortlisted students, who graduated this year with a BA in Fine Art and History of Art.

#### **'Girl Fight' battles for the top spot at film festival**

A team of students from Goldsmiths had a short film shortlisted for the prestigious Rushes Soho Shorts Festival. More than 1,200 entries were submitted for the competition and 'Girl Fight' is shortlisted in the 'Newcomer' category.

The film deals with confrontation where there is a conflict of interests and looks at the ideas that social networking and gaming culture encourages telecommunication and dialogue through digital interfaces, but also limits the way people interact face to face. The two-minute film is the first project made by a 12-strong group and was filmed entirely at Goldsmiths.

#### **Documentary students nominated in prestigious awards**

Two students on the MA Screen Documentary course were nominated in the Royal Television Society Postgraduate Factual Prize. Luo Yi and Olivia Humphreys, who both

graduated last summer, were nominated for the awards.

Luo Yi's graduation film 'Living Without Men' - which tells the tale of three Chinese women in their 90s who chose to live a celibate life - has also been nominated for the One World Media Student Award. The film was also selected for screening at several international festivals including Yunfest and the International Women's Festival of Seoul. Olivia's film 'Nocturnaries' - which is about her family's interest in dreams and her own experience after her mother's death - also won 'Best documentary' at the exposures film festival in Manchester last year.

#### **Students put anti-cuts demonstration into the museum**

A team of MA Art and Politics students from Goldsmiths rallied anti-cuts demonstrators to donate their placards to the Museum of London's collections.

An estimated 500,000 people marched through the streets of central London in March to demonstrate against Government cuts to public services. By asking people to donate their placards the students hope to allow those who took part to determine how it will be remembered.

The project aimed to explore the conception of museums, how society historicises contemporary events and what it means to be a protester.

#### **Goldsmiths philanthropists to carry 2012 torch**

Three people (two students and one member of staff) from the Goldsmiths community who have achieved against the odds or gone above and beyond every day successes have been nominated to join the Olympic torch relay team, carrying the torch 300 meters through the streets of the capital. We are one of only 30 UK institutions selected to be part of the relay.

## Financial highlights

### Summary Outturn statement 2010-11

	2010-11	2009-10	Change %
	£'000	£'000	
<b>Income</b>	<b>81,324</b>	<b>78,746</b>	<b>3.3 %</b>
Staff	50,686	50,555	0.3 %
Non Staff	28,712	28,117	2.1 %
<b>Expenditure</b>	<b>79,398</b>	<b>78,672</b>	<b>0.9 %</b>
<b>Surplus on continuing operations</b>	<b>1,926</b>	<b>74</b>	
<b>Historical cost surplus</b>	<b>2,720</b>	<b>869</b>	
% of Income	3.3%	1.1%	

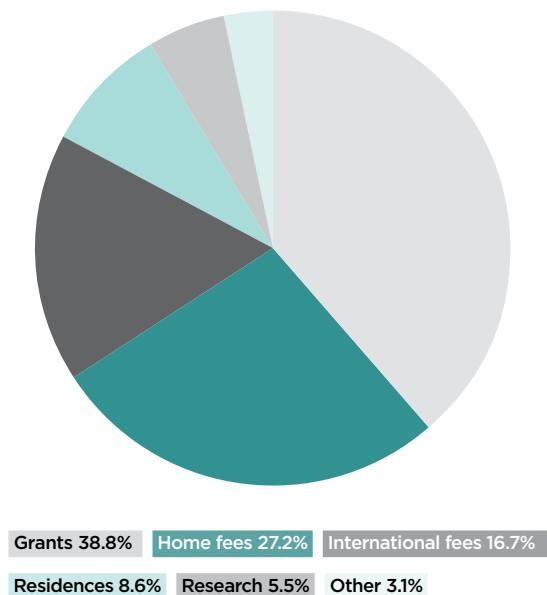
## Surplus

The historical cost surplus has increased significantly to £2.7m in 2010-11 (from £0.9m in 2009-10), an increase of £1.8m in the year. As a result of this, Goldsmiths has continued to improve on its reserve levels, boosting the College's ability to respond to future financial challenges and confirming its improved financial resilience. Goldsmiths will reinvest these surpluses in its infrastructure in order to continually improve the facilities provided for its students, staff and visitors to campus.

## Income

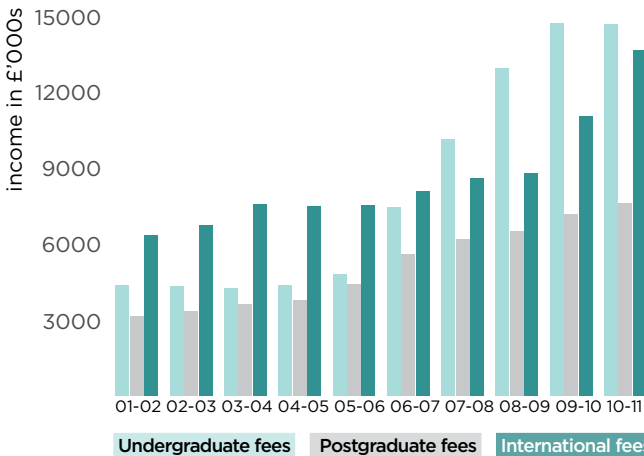
Income in 2010-11 has increased by £2.6m to £81.3m, an overall increase of 3.3% from 2009-10. The majority of the improvement relates to increased income from tuition fees – predominantly reflecting growth in international student fee income – and an increase in income generated from the College's residences, catering and conference facilities. Goldsmiths is seeking to increase its income by the provision of conferencing and related services to third parties, which are not funding body dependant, and this revenue increased to almost £1m in 2010-11 (2009-10: £0.8m). Funding body grants decreased by £0.4m in the year to £31.6m, a reduction of 1.4%, with the main driver being the reduction in recurrent funding although this was offset by an increase in specific grants. There was also a reduction in income generated from research grants and contracts which contracted by £0.6m, or 11.2% in the year.

Goldsmiths' income is made up as follows:



**Tuition fees**

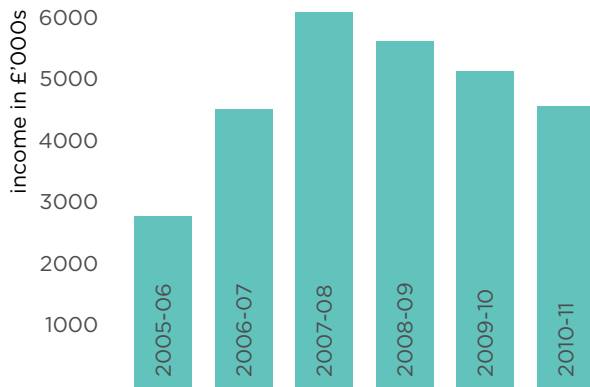
Total income from tuition fees and support grants has risen by 9% against the previous year to £35.7m in 2010-11 (2009-10: £32.7m). International fee income has also shown notable growth in the year of 24%.



**Research**

Goldsmiths faces particularly challenging conditions for research grant income as a consequence of its subject mix. Research funding for science, technology and engineering, mathematics and medicine have been prioritised, effectively reducing the funding available for arts, humanities and social sciences – the disciplines in which Goldsmiths specialises.

Details of our performance over the last six years are in the chart below.



Our research and enterprise strategy aims to grow our income from grants and contracts, and to thereby reduce Goldsmiths' reliance on funding from HEFCE. After a steady increase between 2005-6 and 2007-8, from what was a low baseline, there has been a modest decline. As well as reflecting the increased competition for limited funding in our disciplinary areas, the decline in revenue in 2010-11 results from a number of other factors, including the temporary closure of the AHRC during its relocation to Swindon and the closure by the ESRC of a number of schemes in which Goldsmiths had previously achieved high success rates. However, we have also had considerable success in winning funding from the European Research Council (ERC) with a further three grants awarded during the year, establishing the College as a significant force in interdisciplinary research. An analysis of the "pipeline" for research grants indicates that 2011-12 research grant income will be in excess of that earned in both 2010-11 and 2009-10 on the basis of research grants awarded to date, thus stabilising and enhancing the College's research activity.

**Expenditure**

Total expenditure increased by £0.7m (0.9%) in the year. Of this, staff costs increased marginally by 0.3% to £50.7m (2009-10: £50.6m) and accounted for 63.8% of expenditure, which is an improvement of 0.5% from 2009-10 (64.3%). Staff costs include a provision of £2.7m made in the year to cover the cost of transferring hourly paid staff to fractional contracts (2009-10: £2.4m), and restructuring costs of £0.5m (2009-10: £1.3m) relating to a number of department-specific efficiency programmes in the College. Savings have begun to flow from the recent voluntary severance scheme and from departmental redundancy programmes which it is anticipated will assist in controlling staff costs over the coming years. Other operating expenditure has increased by £0.6m or 2.1% in the year to £28.7m, the majority of which relates to increased depreciation charges related to the New Academic Building.

### Balance sheet review

The College closed the year with net assets of £60m (after taking into account the pension liability of £12.6m), a net increase of £4m from the position at 31 July 2010 of £56m. The year end cash position improved by £7.9m to £27.4m.

### Capital expenditure

Goldsmiths invested £5m in buildings and equipment assets during 2010-11, a reduction of £11m from 2009-10 which included much of the capital spend associated with the New Academic Building. The most significant items of capital spend in the year were the final costs of the New Academic Building and expenditure associated with the refurbishment of a number of older College properties, significantly improving the quality of accommodation provision on campus.

### Endowments

Goldsmiths' endowments are invested in bonds and in a pooled equity fund to generate income to contribute to academic posts and other areas of expenditure, and to enhance the capital value of the fund over time. In 2010-11 the fund showed an increase in market value of investments of £39k (2009-10: £56k). The value of endowment assets on the balance sheet has increased by a net £122k to £2.3m in the year (2009-10: £2.2m) mainly due to the receipt of new expendable endowment funds.

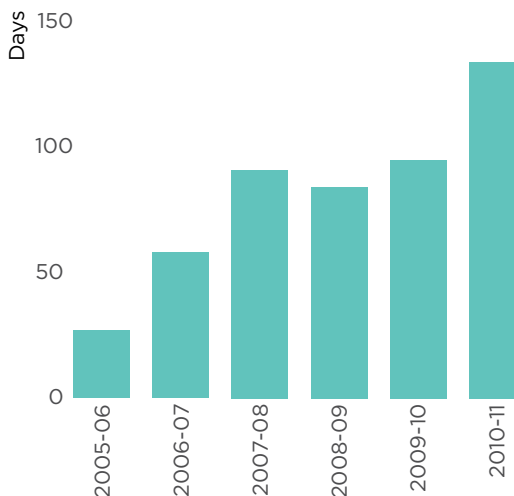
### Cash

Goldsmiths' cash balances have continued to improve during 2010-11, with an increase of £7.9m to £27.4m (2009-10: £19.5m). Net cash inflows from operating activities increased by £2.3m to £9.9m in 2010-11 (2009-10: £7.6m), and net debt improved by £3.8m in the year placing the College in the healthy position of cash at bank and in hand exceeding debt by £0.7m; in 2009-10 net debt was £3.1m. External borrowings have increased by £4.4m in the year to £17.7m (2009-10: £13.3m) primarily due to the drawdown of the second, and final, instalment of £5m provided by RBS to part finance the construction of the New Academic Building. External borrowings are now 21.7% of income (2009-10: 16.8%). These borrowings consist of a 30 year loan from Lloyds TSB taken out in December 2006 at a fixed interest rate of 4.995% for the acquisition of the freeholds of Surrey House and Chesterman House. A further advance of £2.15 million was made in June 2009 to part finance the construction of the New Academic Building. The term of the loan is 28 years with interest chargeable at 0.2% above base rate. In addition, a 30 year loan from RBS of £10 million was taken out in December 2009 at a fixed interest rate of 5.75% to part finance the construction of the New Academic Building, £5 million of this loan was drawn down during 2009-10 with the remainder drawn down in 2010-11. These facilities are provided unsecured subject to the College providing a negative pledge over all assets.

In addition to external borrowings, the College has a finance lease relating to Loring Hall provided by the University Partnerships Programme for which the outstanding liability as at 31 July 2011 was £9.9m (2009-10 : £10.2m).

The chart below shows the amount of cash held at the year end expressed in terms of number of days of expenditure.

### Cash & short-term investments/Total expenditure



Our Financial Strategy includes a target minimum cash balance of 40 days of expenditure and the table shows that it has been comfortably exceeded in the past five years.

### Going concern

The College's academic activities together with the factors likely to affect its future developments, performance and position are set out here in the Warden's report. The financial position of the College, its cash flows, liquidity position, borrowing facilities and banking covenants are also described here and in more detail within the Notes to the Accounts. The College has significant resources including almost £28 million cash together with funding from HEFCE, research grants, contracts with customers across different geographical areas and a student base drawn from both the UK and internationally. As a consequence, the Council believes that the College is well placed to manage its risks successfully despite the uncertain economic outlook.

The Council considers that the College has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### Pensions

A significant aspect of the Financial Statements is the amount included in the balance sheet in respect of the FRS 17 (Retirement Benefits) pension deficit of the London Pension Fund Authority (LPFA) pension scheme of which the University's administrative and support staff are members. The deficit has reduced by £2m in the year to £12.6m (2009-10: £14.6m), which reflects an increase in the fair value of the scheme assets as measured at 31 July 2011. As the College is unable to identify its share of the underlying assets and liabilities in the University Superannuation Scheme (USS) on a consistent and reasonable basis, FRS 17 requires that it is accounted for as a defined contribution scheme. This means that the College does not include any scheme surplus or deficit in the balance sheet for USS.

### Risks and uncertainties

The College's risk management process aims to help Council Members and staff to consider risk, its probability and impact and the controls in place for management and mitigation purposes in a consistent manner. The process also recognises that risk exposure varies with new activities, or changes to existing activities and therefore regular reviews are conducted. The risk management process was overhauled in 2009-10. We continue to make improvements in both the process and the way that risk is considered and embedded in decision-making across the College. Risks are routinely monitored, particularly at Senior Management Team meetings, and appropriate actions taken.

The current financial environment for Higher Education Institutions means that the College has identified a number of financial risks resulting from current and future financial challenges. These include the potential impact of changes in the structure of funding for Higher Education, the need to work towards and deliver sustainable surpluses, and the requirement to maintain the College's long-term capital investment programme. We have made progress against our aim to have a sustainable financial position that enables us to invest, to maintain the quality of our work and to operate successfully in difficult times. Our financial strategy focuses on a number of key elements: diversifying and increasing income; improving the efficiency of our operation; and developing a capital plan which enables us to invest in the estate without financially over-committing the College. The potential impact of expected reductions in funding from both HEFCE and TDA in advance of changes to fee levels is being addressed; however, these reductions during what are likely to be "transition years" make it more challenging, to respond to changes in the Higher Education sector.

As a relatively small institution, we must make the best of our resources. The need to adequately maintain our infrastructure and in particular our estate is highlighted as a key risk on our risk register. The impact of significant reductions in capital funding from HEFCE, coupled with the nature of our estate which includes a number of listed buildings which are more costly to maintain, means that this risk remains significant to the College. We have a strong capital investment plan, albeit one that we are likely to need to fund from current cash reserves, at least in the short term. The College's objective to continue to improve student experience and knowledge production means that we must be both efficient and effective in the way we support our academic activities. We continue to invest in information systems to ensure that we are able to operate smoothly and effectively, and to provide good and reliable management information. We have significantly improved the organisation and quality of the support departments, and will continue with this process over the coming year.

### Outlook

Goldsmiths continues to provide research, research-led teaching, knowledge transfer and engagement with local, national and international communities. Our approach retains the ambitions of innovation, creativity and intellectual rigour. Although the environment in which we operate has become increasingly competitive and challenging, Goldsmiths' reputation remains strong as can be seen in the growth in international students in 2010-11. The changes in funding for Higher Education will significantly impact Goldsmiths, but we are confident that we will continue to thrive in these new conditions. We have robust plans in place to ensure that we will continue to provide high quality teaching, world-class research and a rewarding place to study and work.

While our expenditure has also been subject to upward pressure, the College has successfully undertaken action to control costs. Particular areas of note include the introduction of PensionPlus (a salary sacrifice scheme) and the successful completion of a voluntary severance scheme.

We will be publicising our new Strategic Plan for Goldsmiths soon. The Plan will direct everything the College intends to achieve over the next five years, influencing factors and drivers, and the characteristics we aim to embody. Key to the success of the plan will be the engagement of everyone across Goldsmiths. This plan will set out how the College will respond to and flourish in the context of the changed funding for Higher Education and increased "marketisation". This strategy will continue to focus on increasing net income and will outline plans to diversify our income sources, building on and expanding our academic offering, brand and expertise.

We will continue our drive to improve the value for money achieved by the College through the Goldsmiths 2015 programme that aims to ensure a responsive, effective and stimulating working environment for all staff and students. We remain confident that the strategic and operational measures that we are taking will ensure we are in a position to respond to the challenges, and generate the surpluses necessary, for Goldsmiths to invest in its infrastructure, academic practice and the student experience.

#### **Conclusion**

Goldsmiths continues to invest in its staff and facilities to ensure improved overall academic and financial performance while maintaining the essential characteristics that make Goldsmiths a leading and very distinctive UK higher education institution.

The College relies heavily upon all its staff to realise its objectives, and I would like to take this opportunity to record my thanks to them all for their support and endeavours over the past year. Special thanks are also due to our independent members of Council, whose advice and support have been invaluable during this period of change.

**Patrick Loughrey**  
Warden





SELECTED LETTERS  
OF FYODOR DOSTOYEVSKY

THIS COLLEGE EDITION

SELECTED LETTERS  
OF FYODOR DOSTOYEVSKY



# Public Benefit Statement

The objects (aims) of the charity Goldsmiths' College, as set out in its Statutes, are:

“to advance knowledge, wisdom and understanding by teaching, study, public service and research, and to make available to the public the results of such research.”

In reflecting on its responsibilities under the Charities Act 2006, Council has had regard to the Charity Commission's guidance concerning the need for charities to demonstrate that they operate for the public benefit. Council has also noted the requirement that, where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by ability to pay any fees charged.

Goldsmiths has a series of Strategic Aims, a number of which relate specifically to the College's responsibility to act for the benefit of the public:

- To ensure a high-quality learning experience through a commitment to excellence and innovation in learning and teaching, an up-to-date and stimulating learning environment, a reflective and well-designed curriculum which reflects the aspirations of students and the needs of society, and support for teaching quality.
- To provide an appropriate framework of academic, social and personal support in order to ensure that students at all levels and from all backgrounds value the experience of studying at the College and are able to achieve their potential.
- To foster an environment committed to and supportive of diversity, the free exchange of ideas, tolerance and equal opportunities, and to work to raise aspirations and widen access to higher education in general and to the College in particular.
- To develop effective interactions between the College's research and teaching activities and business, especially the creative and cultural industries and the public sector, and to contribute to the economic, social and cultural well-being of local communities.

The College is currently in process of redeveloping its Strategic Plan, while remaining within the framework of the same Mission and Values as previously. The evolving model is based on four themes (“pillars”), two of which (the first and third) emphasise the broadening of external interactions which will unlock new opportunities for providing future public benefit:

## (a) Knowledge Production

The College's primary concern is the production of knowledge. Here, Goldsmiths' hallmark is a theoretical, creative and practical engagement with how humans experience, understand and interact with the world.

Knowledge production is a collaborative process. It encompasses learning, teaching, practice, research, communication and application. It involves students at all levels, academic staff, the broader research community, society, industry, and government—all on a global scale. It is grounded on disciplinary expertise and generated through conversation between cognate and complementary subjects; past and present; the academy and the world in which it is situated.

## (b) Student Experience

Goldsmiths' student body is richly diverse. It is international and wide-ranging in terms of age, educational, occupational and social backgrounds. Embracing such eclecticism is part of Goldsmiths' distinctive identity. It means enabling all students to participate in knowledge production and supporting them effectively. It means equipping them with the kinds of skills, experience and connections that will help them to make sense of the world and find the work they want in a fast-changing environment.

## (c) London and the world

Goldsmiths' presence in a culturally-rich global capital is vital to how it operates. There are close ties with the local community in SE London. From this base, Goldsmiths branches out across the capital, and beyond, in a series of mutually beneficial relationships with: business, social and creative industries, public and third sector organizations, local and national governments. These links enhance knowledge production and the student experience, via placements and internships for students; collaborative research; enriched teaching; consultancy advice; innovation partnerships and specialized training.

## (d) Financial Sustainability

Financial sustainability enables Goldsmiths to exist as an autonomous, self-determining institution and fulfill the obligations of its Charter. Long-term financial security is essential for Goldsmiths to be able to enact its core purpose. By the same token, activities in support of excellence in knowledge production, the student experience and engagement with London and the world must be financially sustainable.



### Learning Experience and Widening Participation

The principal benefits to the public (and beneficiaries) arising from the College's activities in teaching, which are described in the Warden's Report, are the students of the College. Other beneficiaries include those who later benefit indirectly from the skills which they acquire, such as pupils of those who qualify as teachers (an area in which Goldsmiths has a particularly long history of distinguished public service).

The College takes seriously its commitment to Widening Participation initiatives. Goldsmiths is located in Lewisham, South East London, a vibrant and improving area with a strong local authority, but still one of the most deprived boroughs in the country with a low rate of youth progression onto higher education. From its establishment up to the present day, the College has nurtured its links with the local community developing a tradition of access, diversity and community engagement in our research, teaching and outreach activity. We do this in an overall context of simultaneous local, national and international recruitment across all academic departments, producing a richly diverse internal community to the benefit of all students.

The Department of Professional and Continuing Education (PACE) offers a range of short courses as well as further education opportunities and undergraduate and postgraduate degrees. The Department is a UK-leader in the field of widening participation, and welcomes students from non-traditional educational backgrounds. In addition, our research centre is committed to developing lifelong learning and community engagement, and provides innovative programmes of study in community and youth work.

Goldsmiths undertakes outreach work with local schools and colleges through its Recruitment Section in order to encourage participation from all those with potential to benefit from higher education. Our close links with schools and colleges in Lewisham and other local boroughs are at the foundation of this work and activities are often developed in conjunction with teachers and lecturers to meet the needs of their students. The College runs taster days to give students who may be considering entering higher education the chance to experience what it might be like to study particular subjects at university, and they also provide the opportunity to speak to university lecturers and undergraduates about their experience at Goldsmiths. The Open Book project works with those from offending and addiction backgrounds to encourage them to take up education, offering them ongoing emotional and practical support throughout their course. The project has enabled more than 60 adults from socially excluded groups find places on undergraduate courses at Goldsmiths and other institutions. Over 300 students have registered with the project.

### Bursaries and Scholarships

Goldsmiths is committed to offering a range of financial support schemes to its undergraduate and postgraduate students, to ensure that as far as possible access is not denied to those of limited means. It is the College's intention that going forward, in order to enable as many students to benefit as possible, any individual student will normally be eligible for an award under one category of support award in any one year.

In 2010-11 Goldsmiths spent in the region of £2.5 million on centrally-administered bursaries, grants and scholarships, including in excess of £1.7 million to students from low-income backgrounds.

In addition, we have a number of externally funded awards including 33 Eliahou Dangoor scholarships of £1,000 for prospective BSc students admitted to the Department of Computing, and 2 Mayor's New Cross awards of £11,395 for prospective undergraduates who have attended a school or college in the London Borough of Lewisham. A number of our Departments, such as English and Comparative Literatures and Visual Cultures, will also offer bursaries to postgraduate students.

Looking forward to 2011-12, Goldsmiths will offer bursaries worth up to £1,000 each to all UK domiciled students on full-time undergraduate courses in receipt of a full or partial maintenance or special support grant from the government whose household income is less than £40,000 and who is liable to pay the full rate of tuition fees. We will also offer ten awards of £500 to prospective undergraduate students with at least 3 As at A level or equivalent.

Under the new fee regime from 2012-13, Goldsmiths will spend 30% of the fee income from all fees above £6,000 on additional measures to improve the student experience and encourage wider access to Goldsmiths. This substantial level of investment is consistent with our wish to maintain our ongoing success in attracting students to Goldsmiths regardless of their background. Goldsmiths has consistently performed strongly against government targets for participation from under-represented groups and low-participation neighbourhoods, and we intend to focus financial support for students from low-participation neighbourhoods.

### Commitment to Community

Goldsmiths' commitment to the local community is embedded in the operations of the College as outlined in the sections above.

In addition to this, staff and students are encouraged to participate in community engagement activities such as public lectures, volunteering, and service on public committees (eg Governing Bodies of schools and colleges) which meet the College's strategic aims as well as benefiting the public. Many student placements are of direct benefit to community centres, schools, hospitals, charities and arts organisations. The Library provides access to printed materials to any member of the public needing the collections for their private research purposes.

We also run innovative events for younger members of the local community and further afield who are invited to take part in our annual Big Draw campaign which comprises a wide range of drawing and storytelling activities led by our PGCE Art and Design and PGCE English students. Design and delivery of the Big Draw event is now a fundamental element of these courses. The Big Draw won the Trailblazer Award at the Drawing Inspiration Awards in 2009 and it continues to be very popular with local families, many attending year after year. In addition, we encourage local schools to use Goldsmiths' college green for their sports days, benefiting many hundreds of local children and further cementing our links with the local community.

### Research Activities

Goldsmiths' Research Office is, independently of the Charter commitment quoted above, already required to take action on making research results public as a condition of funding from the main sources of grants. It can thus readily provide detailed evidence of reporting obligations and how they have been fulfilled in respect of particular grants.

The College is mindful of the need to ensure proper separation of research activities for the public benefit, which describes most of the research carried out at Goldsmiths, from consultancy for private clients, or where there may be private benefit permitted for staff (within the framework of the College's new Consultancy Policy). The Business Development Office, which nurtures our links with business, and the Research Office have recently been brought under a unified management line. All research applications and consultancy tenders will now go through the same office. The head of the unified office is ensuring that there are clear decision points in the processes to make sure that projects are correctly directed through either the research or the consultancy process.

The appropriate separate accounting arrangements for these different categories of research are further ensured through a vetting process undertaken within the Finance Department before an application is made for a research grant.

### Environment and Sustainability

The Energy and Environmental Manager has a wide-ranging remit relating to making environmental improvements, including improvements in the energy efficiency of the campus.

In the coming year Goldsmiths will enhance its environmental credentials with the installation of photovoltaic panels for the generation of electricity by the sun. We expect to install these solar panels across an area of our plentiful flat roofs, and anticipate that this will contribute towards our goal of reducing our carbon emissions by 50% by 2020. Should this trial prove successful, then other areas of the campus will also be investigated for installation of additional panels.

We have continued to enhance the environment in and around campus over the past year with the introduction of our own colony of honey bees to improve the biodiversity of the campus and surrounding area. We have planted wild flower gardens at one of our halls of residence, are partnering with the London Wildlife Trust to help manage a wildlife reserve backing onto our campus, and have also been assisting our students by allocating them some more land to use as allotment space.

### Ethical Investment

The College has an Ethical Investments Policy which precludes investment in companies whose activities are inconsistent with the objectives of its Charter (see above). The College will not invest in companies whose activities could be seen to endanger individuals, its community of stakeholders or other groups. This is one way in which the College helps to avoid any detriment or harm resulting from its activities.

# Corporate Governance and Internal Control

## Institutional Context

Goldsmiths' College (also known as "Goldsmiths, University of London") is a corporate body established by Royal Charter, and an exempt charity. It operates under a Financial Memorandum with the Higher Education Funding Council for England (HEFCE), which under the provisions of the Charities Act 2006 has since 1 June 2010 also been its Principal Regulator. The members of Council, the governing body of the College (listed at the beginning of this report), are also the trustees of the exempt charity. The College has had its own degree-awarding powers since 2010 but does not currently use them (although it has plans to do so in future in the context of an overseas partnership). The College has no linked ("paragraph w") charities.

The College's **Students' Union** is an Unincorporated Association shortly to become a registered charity, for which the College has supervisory responsibilities defined by Section 22 of the Education Act (1994). It will be seen from the Council Membership section that two members of the Students' Union sit on Council. In December 2003 Council approved and published a statement of protocols relating to the role of Students' Union members, in recognition of the uncertainties and tensions which could arise from their dual roles as officers and as trustees for the whole College.

## Responsibilities of Council

In accordance with the Charter and related Statutes, Council is responsible for oversight of the College's affairs, including ensuring an effective system of internal control (detailed below).

The **Primary Responsibilities (reserved powers) of Council** were approved by Council in December 2003, minor amendments being introduced in 2010 and 2011, and are currently as follows:

- To ensure high standards of corporate governance to include integrity, objectivity, openness and transparency;
- to approve the Strategic Plan, and Key Performance Indicators to be used to monitor the performance of the College as a whole;
- to monitor the College's delivery against the Strategic Plan and Key Performance Indicators;
- to approve the College's Annual Report;
- to receive copies of annual planning submissions to the Higher Education Funding Council for England;
- to approve the annual budget;
- to ensure that funds provided by the Higher Education Funding Council for England (HEFCE) are used in accordance with the Financial Memorandum, and that the conditions of funding of any other funding bodies, including the Teacher Development Agency for Schools (TDA) and the Learning and Skills Council (LSC) are similarly met;
- to ensure that the College complies appropriately with other regulatory documents from the Higher Education Funding Council for England which are for the time being in force;
- to approve borrowing or loans above an agreed value;
- to approve contractual commitments over an agreed value and authorise College signatories;
- to approve the Financial Statements and accompanying reports, including the Corporate Governance Statement;
- to approve the appointment of the College's bankers, and internal and external auditors;
- to approve policies and strategies designed to ensure good financial and risk management, and to monitor the College's arrangements for risk management in ways which Council shall from time to time determine;
- to approve the Articles of Governance of the Goldsmiths Students' Union, the Memorandum of Understanding between the College and the Union, and procedures designed to ensure that the College complies with its legal responsibilities in relation to the Union's conduct of its affairs
- to approve the College's Health and Safety Policy and Procedures and to monitor their implementation;
- to approve the sale, purchase and lease of College land over an agreed value and/or an agreed period of time;
- to approve building projects over an agreed value and monitor their progress;
- to approve employment policies and strategies to ensure compliance with employment legislation and guidance and to monitor their implementation;
- to approve recommendations made by a properly-constituted Redundancy Committee to make academic and academic-related staff redundancies;
- to approve procedures for handling internal grievances and for managing conflicts of interest;
- to appoint the Warden, the Registrar and Secretary and the Director of Finance, and to approve recommendations for the appointment of Pro-Wardens, including the Deputy Warden;
- to appoint the Secretary to Council;
- to ensure compliance with all legislation affecting the College;
- to act as appropriate in relation to the role of Council as trustees, and to ensure that the College complies with charity law, and with the requirements of HEFCE in its role as Principal Regulator;
- to agree proposed changes to the College's Statutes, Ordinances, General Regulations and Financial Regulations.



The financial responsibilities of Council referred to in the Statement of Primary Responsibilities and in the Statutes, as well as the conditions of public funding to which the College is subject, mean that Council is responsible for keeping proper accounting records, enabling the financial position of the College to be determined with reasonable accuracy at any time, and adherence to the *Statement of Recommended Practice: Accounting for Further and Higher Education* and other relevant accounting standards in the preparation of the Financial Statements.

Council conducts quinquennial reviews of its own effectiveness, the most recent of which was undertaken in 2008-09.

#### Committees of Council

Council is responsible for determining the Committee structures which report to it directly, except for Academic Board, the composition and broad institutional status of which is defined by Statute.

Council has a statutory responsibility to consult **Academic Board**, which consists mainly of Heads of academic departments and elected representatives of these departments, in making decisions on academic matters. Academic Board has its own section of the committee structure reporting to it and, although Council is responsible for the determining the overall design of the committee system and the Standing Orders for committees, Academic Board has autonomy in matters relating specifically to the terms of reference and compositions (constitutions) of its own committees. The most senior committees of Academic Board are Academic Development Committee, Learning and Teaching Quality Committee and Research and Enterprise Committee, and the Annual Reports of these committees are received by Council as well as Academic Board.

Other Committees reporting to Council are:

**Finance and Resources Committee**, which among other important functions recommends the annual budget of the College for approval by Council each Summer term, conducts termly reviews of the Management Accounts. It consists of independent members of Council (one of whom is Chair), the Warden and the President of the Students' Union (senior managers other than the Warden having been removed, from 1 September 2011, in response to a recent recommendation by HEFCE (see below)).

**Audit Committee** has terms of reference based on the Model Terms of Reference in the *CUC Handbook for Members of Audit Committees in Higher Education Institutions*, published as HEFCE 2008/06. Its primary responsibility is to provide Council with assurances and advice which enables Council to approve the Financial Statements (please see further under Internal Control below). For the first time in Autumn 2011, the draft Financial Statements have also been considered by Finance and Resources Committee, which meets before

Audit Committee, in order to provide advice to Audit Committee as necessary.

**Human Resources Committee, Estates Committee, External Relations and Development Committee** all have responsibilities in specific strategic areas on which they report to Council both on a regular annual basis and as the need arises. **Nominations Committee** makes recommendations to Council on the appointment of independent members to Council and to its committees. **Remuneration Committee** has delegated power to determine the salaries of senior staff but reports to Council annually on the general principles on which it operates.

An assurance review of the College's governance arrangements was conducted by HEFCE on 14 December 2010. No major weaknesses were identified by the report, which Council received at its Summer term 2011 meeting.

#### CUC Governance Code of Practice

Council considers that the governance arrangements of the College are currently compliant with the *CUC Governance Code of Practice*, although as the precepts of the Code are very broadly defined, there will always be room for debate as to the mode and necessary extent of their implementation (for example in relation to key performance indicators, where the need for a continuous process review and enhancement is clear). The only specific deviation from the CUC Code at Goldsmiths lies in Council's response to the duty of its Chair, under precept 7, to ensure that Council is well-connected with its stakeholders. In response to a recommendation from the Panel which undertook the 2008-09 Effectiveness Review of Council, Council has agreed that this responsibility should rest with Council as a whole.

#### Internal Control

Council has responsibility for maintaining a sound system of internal control which supports the achievement of its strategic aims, whilst safeguarding the public and other funds and assets for which it is responsible, and ensuring that it fully justifies its status as an exempt charity by demonstrating that it operates for the public benefit. It does this in accordance with the responsibilities assigned to the Governing Body in the College's Statutes and the Financial Memorandum with HEFCE, and taking into account good practice guidance published for universities and for the public sector generally. It has published its own Statement of Primary Responsibilities which are also set out in full above.



The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic aims; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system 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. This process has been in place for the year ended 31 July 2011 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance.

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

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- periodic reviews of key performance indicators, and consideration of actual indicators annually;
- continuous review of risk exposure by the Risk Management Sub-Committee, chaired by the Registrar and Secretary, operating within a Risk Management Policy and Methodology approved by Council in March 2010;
- reporting by the Risk Management Sub-Committee to the Senior Management Team (its parent body), and through it to Audit Committee, with direct reporting to Council at least annually on major risks;
- consideration of major initiatives involving financial or reputational risk, whether academic or non-academic (eg large-scale new collaborative provision);
- at least three times per year reviews of Management Accounts by Finance and Resources Committee;
- reporting and updates of forecast out-turns;
- clear definitions of the responsibilities of, and the authority delegated to, Heads of Departments and Directors of Academic Areas;
- clearly-defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Council;
- Financial Regulations, together with a table of Financial Authority Limits for committees, approved by Council, supported by more detailed financial controls and procedures published by the Finance Department and by specialist policy documents (eg on fraud and whistleblowing) approved by Council, Audit Committee or Finance and Resources Committee as appropriate;
- a Conflicts of Interests Policy which deals with the declaration and handling of all types of conflict, including related party transactions (and which enables the publication of a Register of Interests);
- reports on the outcomes of major external audits of academic quality.

There are no significant internal control issues to report for 2010-11 or up to November 2011, as defined by HEFCE's Accounts Direction 2011/28.

Council has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:

- receipt of Audit Committee Minutes, detailing the Committee's oversight of internal control procedures, including receipt of regular reports from the Head of Internal Audit;
- continuing initiatives to develop a more robust approach to the management of risk and value for money, for which formally-constituted sub-committees have been established;
- oversight by Audit Committee of issues related to data quality;
- receipt of Annual Reports from its most senior committees on their role in overseeing the achievement of the strategic aims of the College falling within their scope;
- the receipt of reports from managers concerning progress on key projects (or alternatively receipt of assurances from other designated committees that such reports are being received by those Committees on Council's behalf.

Council's ongoing review of the effectiveness of the system of internal control is informed by the internal audit unit, which operates to standards defined in the HEFCE Audit Code of Practice and which has been reviewed for effectiveness by the HEFCE Audit Service. The annual internal audit programme is approved by Council on the recommendation of Audit Committee. The Committee receives regular progress reports, including at the end of each year the Head of Internal Audit's independent Opinion on the adequacy and effectiveness of the College's system of internal control, with recommendations for improvement. It should be noted that Internal Audit reports are informed by the knowledge and expertise the Internal Auditors gain from their work in other institutions.

The effectiveness of the system of internal control is also informed by the work of the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# Independent Auditor's Report

## Independent auditor's report to the Council of Goldsmiths' College

We have audited the financial statements of Goldsmiths' College for the year ended 31 July 2011 which comprise the Income and Expenditure Account, the note of Historical Cast Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow statement and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body in accordance with the financial memorandum effective August 2011. Our audit work has been undertaken so that we might state to the governing body 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 board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the governing body and auditor

As explained more fully in the Governing Body's Responsibilities Statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2011 and of its surplus 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.

## Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the funding council, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the College during the year ended 31 July 2011 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the College's statutes and, where appropriate, with the financial memorandum, with the funding council, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

## Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the College.

## Deloitte LLP

Chartered Accountants and Statutory Auditors  
Nottingham  
30 November 2011

**Income and Expenditure Account  
for the Year Ended 31 July 2011**

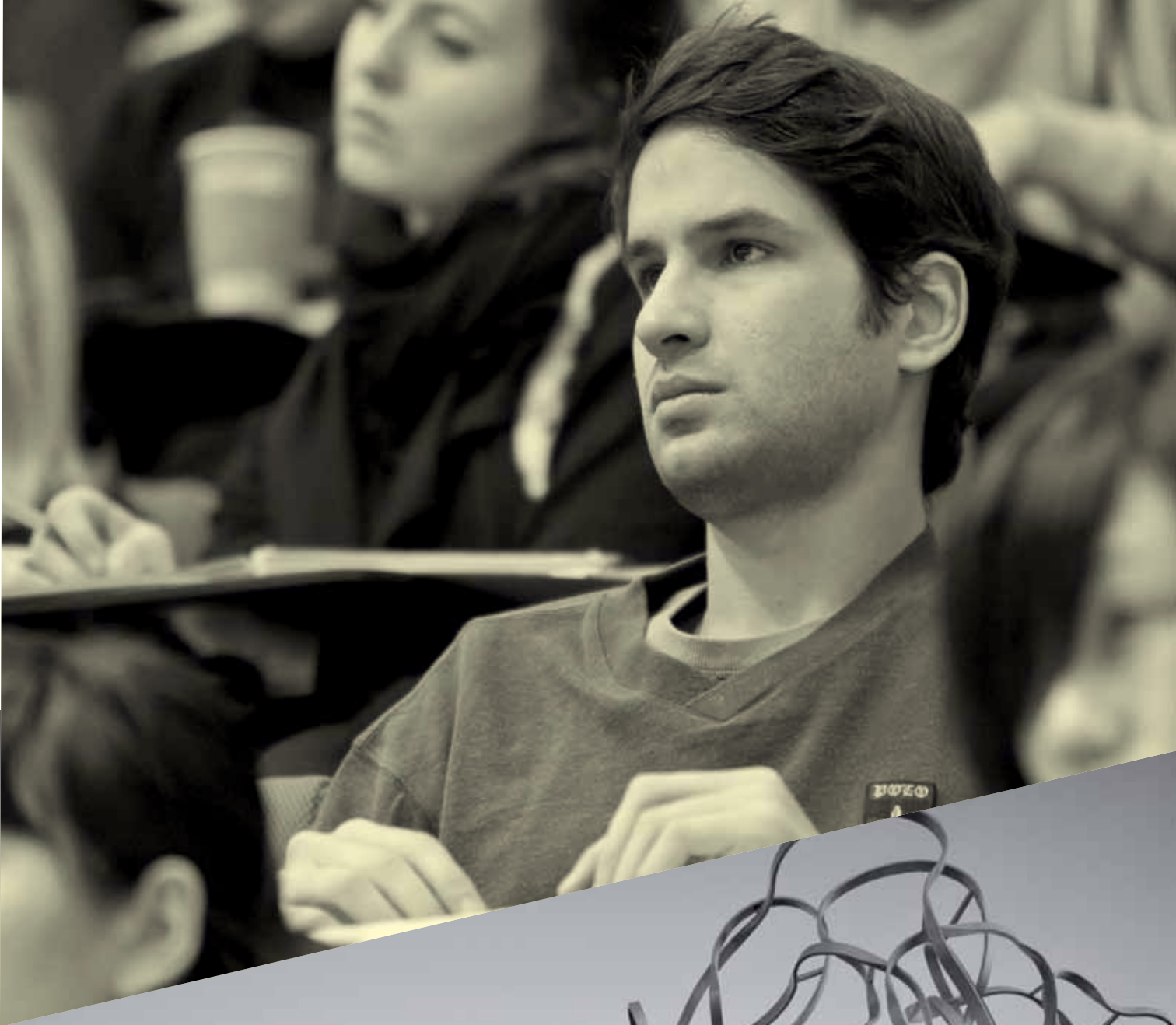
	Note	2011 £'000	2010 £'000
<b>Income</b>			
Funding body grants	2	31,588	32,026
Tuition fees and support grants	3	35,676	32,721
Research grants and contracts	4	4,538	5,109
Other operating income	5	9,334	8,659
Endowment and investment income	6	188	231
<b>Total Income</b>		<b>81,324</b>	<b>78,746</b>
<b>Expenditure</b>			
Staff costs	7	50,686	50,555
Other operating expenses	9	22,022	22,001
Depreciation of tangible fixed assets	12	4,543	4,051
Interest and other finance costs	10	2,147	2,065
<b>Total Expenditure</b>		<b>79,398</b>	<b>78,672</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before taxation</b>		<b>1,926</b>	<b>74</b>
Taxation	11	-	-
<b>Surplus after depreciation of tangible fixed assets at valuation and taxation</b>		<b>1,926</b>	<b>74</b>
Transfer (to)/from accumulated income within specific endowments		33	(58)
<b>Surplus for the year retained within general reserves</b>		<b>1,959</b>	<b>16</b>

**Note of Historical Cost Surpluses and Deficits  
for the Year Ended 31 July 2011**

	Note	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		1,926	74
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	794	795
<b>Historical cost surplus for the period after taxation</b>		<b>2,720</b>	<b>869</b>

None of the College's major activities were acquired or discontinued during the above financial years





**Statement of Total  
Recognised Gains and Losses  
for the Year Ended 31 July 2011**

	Note	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax		1,926	74
Appreciation of endowment asset investments	20	39	56
New endowment funds	20	116	127
Actuarial gain recognised in pension scheme	30	2,519	1,127
<b>Total recognised gains relating to the year</b>		<b>4,600</b>	<b>1,384</b>

**Reconciliation**

Opening reserves and endowments		27,598	26,214
Total recognised gains for the year		4,600	1,384
<b>Closing reserves and endowments</b>		<b>32,198</b>	<b>27,598</b>

**Balance Sheet as at 31 July 2011**

	Note	2011 £'000	2010 £'000
<b>Fixed Assets</b>			
Tangible assets	12	87,780	87,262
Investments	13	28	28
		<b>87,808</b>	<b>87,290</b>
<b>Endowment Assets</b>			
	14	<b>2,340</b>	<b>2,218</b>
<b>Current Assets</b>			
Debtors	15	5,760	5,114
Cash at bank and in hand	29	27,427	19,469
		<b>33,187</b>	<b>24,583</b>
Less: Creditors - amounts falling due within one year	16	<b>(17,334)</b>	<b>(16,083)</b>
<b>Net current assets</b>		<b>15,853</b>	<b>8,500</b>
<b>Total assets less current liabilities</b>		106,001	98,008
Less: Creditors - amounts falling due after more than one year	17	<b>(27,217)</b>	<b>(23,193)</b>
Less: Provisions for liabilities	18	<b>(6,173)</b>	<b>(3,896)</b>
<b>Total net assets excluding pension liability</b>		<b>72,611</b>	<b>70,919</b>
Net pension liability	30	<b>(12,641)</b>	<b>(14,629)</b>
<b>Total net assets including pension liability</b>		<b>59,970</b>	<b>56,290</b>
<b>Represented by:</b>			
<b>Deferred capital grants</b>	19	<b>27,772</b>	<b>28,692</b>
<b>Endowments</b>			
Expendable	20	334	285
Permanent	20	2,006	1,933
		<b>2,340</b>	<b>2,218</b>
<b>Reserves</b>			
Income and expenditure account excluding pension reserve		19,270	15,986
Pension reserve		<b>(12,641)</b>	<b>(14,629)</b>
Income and expenditure account including pension reserve	21	<b>6,629</b>	<b>1,357</b>
Revaluation reserve	22	23,229	24,023
		29,859	25,380
<b>Total funds</b>		<b>59,970</b>	<b>56,290</b>

**Signed and approved on behalf of Council by:**  
Christopher Jonas  
Chair of Council  
30 November 2011

Patrick Loughrey  
Warden

**Cash Flow Statement  
for the Year Ended 31 July 2011**

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	25	9,880	7,594
Returns on investments and servicing of finance	26	(1,525)	(1,112)
Capital expenditure and financial investment	27	(4,586)	(7,421)
Financing	28	4,272	4,599
<b>Increase in cash in the period</b>		<b>8,041</b>	<b>3,660</b>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>			
Increase in cash in the period		8,041	3,660
Increase in loans	28	(4,272)	(4,599)
<b>Change in net funds/(debt)</b>		<b>3,769</b>	<b>(939)</b>
Opening net debt at 1 August		(3,059)	(2,120)
<b>Closing net funds/(debt) at 31 July</b>	29	<b>710</b>	<b>(3,059)</b>

**Notes to the Accounts for  
the Year Ended 31 July 2011**

## 1. Principal accounting policies

### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007, and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### Going concern

These financial statements have been produced on a going concern basis as described in more detail in the Warden's report and in the Statement of Corporate Governance and Internal Control.

### Basis of consolidation

The Financial Statements do not include those of the Students' Union because the College does not control these activities. The College's subsidiary, Pure Goldsmiths Limited, has not yet begun to trade and so no consolidation is required.

### Income recognition

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants, and an annual transfer is made to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded. Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and are reported in the statement of total recognised gains and losses.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the College are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

### Agency arrangements

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the College, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the lease term.

### Taxation

The College is an educational charity incorporated under a Royal Charter granted on 1 January 1990. It is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or gains received within categories covered by Section 505 of ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

In regard to income from research and consultancy and from non-student lettings and associated income, the College has applied the Inland Revenue guidelines and has considered that the level of activity in each of those areas does not constitute a trade and so will not give rise to a charge to tax. Accordingly, no provision has been made in the Accounts for taxation.

#### Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The College has a planned maintenance programme, which is reviewed on an annual basis.

#### Investments

Fixed Asset Investments and Endowment Asset Investments are shown at market value where known. Endowment and restricted funds held on temporary deposit or on short-term money market form part of the liquid funds. These funds are shown as capital contributed plus net accumulated interest.

#### Tangible Fixed Assets

In accordance with the transitional arrangements of FRS 15, all land and buildings existing at 31 July 1993 and revalued at 31 July 1994 by Frank Durrant Westmore and Reeves, Chartered Surveyors, will be retained at those values as cost. Properties used for educational and hostel purposes have been valued on the Depreciated Replacement Cost basis and residential properties on the basis of Open Market Value For Existing Use. Subsequent additions since 1994 are stated at cost.

All plant and equipment below an initial cost of £15,000 per individual item or group of related items have been expensed in the year of acquisition. Plant and equipment costing £15,000 and over are capitalised and written off over their useful lives as indicated in the depreciation table below.

Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated according to the categories in which they fall. The related grants are treated as deferred capital grants and released to income over their expected useful lives. Fixed assets in the course of construction are not depreciated until their year of completion.

Any works of art and other valuable artefacts purchased by the College which are of material value are capitalised at cost. The College has no heritage assets.

Depreciation is provided on cost or valuation on a straight-line basis so as to write off the assets over their estimated useful lives. The rates of depreciation used are as follows:

Land and Buildings	Per Annum	Other Assets	Per Annum
<b>Freehold</b>			
Land	NIL	Library stacks	10%
Buildings (long-term)	2.5%	Administrative computer systems	20%
Buildings (short-term refurbishments)	10%	Other plant and equipment	33.33%
Buildings (long-term refurbishments)	5%	Art works and artefacts	NIL
<b>Leasehold</b>			
Asset held under finance lease	4%		

#### Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the College's treasury management activities.

#### Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.



## Accounting for charitable donations

### Unrestricted donations

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

### Endowment funds

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

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Pensions

The two pension schemes in which the College participates are the Universities Superannuation Scheme (USS) for academic and academic-related staff and the London Pension Fund Authority (LPFA) for other administrative, technical, clerical and manual staff. Both schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P).

The liabilities are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years actuaries review the progress of the schemes. Pension costs are assessed in accordance with advice of the actuaries, based on the latest actuarial valuations of the schemes.

The College accounts for pension scheme costs in accordance with FRS 17 'Retirement Benefits'. Under FRS 17 the net pension fund asset or liability for the LPFA scheme is disclosed on the Balance Sheet and the movement on the scheme's net assets/liabilities in the year is reflected partly through the Income and Expenditure Account (to the extent they relate to current service costs and the expected return on scheme assets less interest charges on scheme liabilities) and partly through the Statement of Total Recognised Gains and Losses (to the extent they relate to changes in the actuarial assumptions).

The College is unable to identify its share of the underlying assets and liabilities in the USS scheme on a consistent and reasonable basis and therefore as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The annual employers' pension contributions borne by the College are included in salary costs charged to the various heads of expenditure. Further details of the schemes are given in Note 30 to the Accounts.

Costs relating to premature retirement, restructuring and unfunded pensions are treated as additional salary costs.

### Provisions

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.





	2011	2010
	£'000	£'000
<b>2. Funding body grants</b>		
<b>Recurrent grants</b>		
Higher Education Funding Council	25,180	25,951
Teacher Development Agency	3,447	3,361
Learning and Skills Council and successor agencies	179	196
<b>Specific grants</b>		
Higher Education Funding Council	1,252	1,048
Teacher Development Agency	218	258
<b>Deferred capital grants released in year</b>		
Buildings (note 19)	1,300	1,019
Equipment (note 19)	12	193
	<b>31,588</b>	<b>32,026</b>

### 3. Tuition fees and support grants

Full-time Home and EU student fees	19,237	18,876
International student fees	13,551	10,970
Part-time student fees	2,212	2,091
Short course fees	518	622
Research training support grants	158	162
	<b>35,676</b>	<b>32,721</b>

Fees funded through the United States Family Education Loan Programme amounted to £889k (2010 £848k) and represented 2.72% (2010 2.85%) of total full-time fees.

### 4. Research grants and contracts

Research Councils	1,880	2,211
UK-based charities	326	654
Other grants and contracts	2,332	2,244
	<b>4,538</b>	<b>5,109</b>

	2011	2010
	£'000	£'000
<b>5. Other operating income</b>		
Residences, catering and conferences	7,028	6,549
Other services rendered	815	747
Other income	1,491	1,363
	<b>9,334</b>	<b>8,659</b>
<b>6. Endowment and investment income</b>		
Income from expendable endowments (note 20)	1	73
Income from permanent endowments (note 20)	40	41
Other interest receivable	147	117
	<b>188</b>	<b>231</b>

**7. Staff costs**

The average weekly number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents, was:

	Number	Number
Teaching and research	458	433
Administrative	336	352
Other	112	116
	<b>906</b>	<b>901</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and wages	40,457	40,737
Social security costs	3,145	3,286
Other pension costs (note 30)	6,605	5,268
Restructuring costs	479	1,264
	<b>50,686</b>	<b>50,555</b>
Academic departments	31,366	30,041
Academic services	3,340	3,684
Research grants and contracts	2,694	2,697
Residences, catering and conferences	723	640
Premises	2,376	2,537
Administration	7,784	8,500
General educational	1,110	983
Other services rendered	509	445
Other	784	1,028
	<b>50,686</b>	<b>50,555</b>

During 2010-11 the College reviewed the allocation of costs against HESA categories and as a result have revised the allocation of some costs. The 2009-10 figures have been restated to provide a consistent view.

	2011	2010
	£'000	£'000

### 8. Remuneration of directors and higher paid employees

The emoluments of the warden's post were:

#### Outgoing warden

Remuneration	-	240
USS pension contributions (paid at the same rates as for other academic staff)	-	34

#### Incoming warden

Remuneration	229	65
USS pension contributions (paid at the same rates as for other academic staff)	33	8
	<b>262</b>	<b>347</b>

During 2009-10 the college recruited a new warden and there was an overlap with the previous warden.

Remuneration of other higher paid staff, excluding employer's pension contributions, fall in the following band:

	<b>Number</b>	<b>Number</b>
£100,000-£109,999	-	-
£110,000-£119,999	1	1

### 9. Other operating expenses

	<b>£'000</b>	<b>£'000</b>
Academic departments	3,371	3,153
Academic services	1,923	1,617
Research grants and contracts	870	992
Residences, catering and conferences	3,492	3,572
Premises	4,280	4,163
Administration	4,073	4,739
General educational	3,802	3,668
Other services rendered	211	97
<b>Total</b>	<b>22,022</b>	<b>22,001</b>

During 2010-11 the College reviewed the allocation of costs against HESA categories and as a result have revised the allocation of some costs. The 2009-10 figures have been restated to provide a consistent view.

Other operating expenses include:

External auditors' remuneration in respect of the audit of the financial statements	52	50
External auditors' remuneration in respect of other audit services	30	4
Internal auditors' remuneration in respect of audit services	67	74
Operating leases (property)	660	622
Council expenses	4	2

### 10. Interest and other finance costs

Loans not wholly repayable within five years	775	384
Finance leases	939	959
Net interest on LPFA pension scheme liabilities (note 30)	433	722

	<b>2,147</b>	<b>2,065</b>
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## 11. Taxation

The College is an exempt charity under Schedule 2 to the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

## 12. Tangible assets

	Land & Buildings		Fixtures Fittings & Equipment	Art Works	Assets in course of construction	Total
	Freehold	Assets held under finance leases				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation/cost</b>						
At 1 August 2010						
Valuation	44,350	-	-	-	-	44,350
Cost	45,611	10,404	6,837	25	21,292	84,169
Additions at cost	1,777	1,344	476	(2)	1,466	5,061
Transfers	20,854	136	286	-	(21,276)	-
Disposals	-	-	(62)	-	-	(62)
<b>At 31 July 2011</b>						
<b>Valuation</b>	<b>44,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,350</b>
<b>Cost</b>	<b>68,242</b>	<b>11,884</b>	<b>7,537</b>	<b>23</b>	<b>1,482</b>	<b>89,168</b>
<b>Total</b>	<b>112,592</b>	<b>11,884</b>	<b>7,537</b>	<b>23</b>	<b>1,482</b>	<b>133,518</b>
<b>Depreciation</b>						
At 1 August 2010	29,560	5,410	6,287	-	-	41,257
Charge for year	3,657	464	422	-	-	4,543
Disposals	-	-	(62)	-	-	(62)
<b>At 31 July 2011</b>	<b>33,217</b>	<b>5,874</b>	<b>6,647</b>	<b>-</b>	<b>-</b>	<b>45,738</b>
<b>Net book value</b>						
<b>At 31 July 2011</b>	<b>79,375</b>	<b>6,010</b>	<b>890</b>	<b>23</b>	<b>1,482</b>	<b>87,780</b>
<b>At 1 August 2010</b>	<b>60,401</b>	<b>4,994</b>	<b>550</b>	<b>25</b>	<b>21,292</b>	<b>87,262</b>

A valuation of the College's land and buildings was made in 1994 and details of the method of valuation with the name and qualifications of the valuer are given in Accounting Policies (Note 1 to the Accounts). The historic cost of the properties valued in 1994 is £7,587k.

## 13. Investments

	2011	2010
	£'000	£'000
	28	28

Investments are shown at cost and represent 27,782 ordinary shares, fully paid, in CVCP Properties plc and 240 £1 shares in i2 Media Ltd.

The College has one subsidiary company, Pure Goldsmiths Ltd. This company was dormant at 31 July and at that date had no issued share capital.

	2011	2010
	£'000	£'000
<b>14. Endowment asset investments</b>		
Balance at 1 August	2,218	1,978
Additions	83	184
Appreciation in market value	39	56
<b>Balance at 31 July</b>	<b>2,340</b>	<b>2,218</b>
Represented by:		
UK Equities	956	917
Cash balances	1,384	1,301
	<b>2,340</b>	<b>2,218</b>

#### 15. Debtors

Amounts falling due within one year		
Student debtors	1,321	1,414
Other debtors	2,833	1,755
Prepayments and accrued income	1,606	1,945
	<b>5,760</b>	<b>5,114</b>

#### 16. Creditors: amounts falling due within one year

Mortgages and unsecured loans	526	347
Obligations under finance leases (note 23)	357	288
Trade creditors	4,096	5,553
Social security and other taxation payable	1,092	1,106
Accruals and deferred income	11,263	8,789
	<b>17,334</b>	<b>16,083</b>

#### 17. Creditors: amounts falling due after more than one year

Unsecured loans	17,652	13,264
Obligations under finance leases (note 23)	9,565	9,929
	<b>27,217</b>	<b>23,193</b>

A 30 year loan from Lloyds TSB plc was taken out in December 2006 at a fixed interest rate of 4.995% for the acquisition of the freeholds of Surrey House and Chesterman House. A further advance of £2,150k was made in June 2009 to part finance the construction of the New Academic Building. The term of the loan is 28 years with interest chargeable at 0.2% above base rate.

A 30 year loan from RBS of £10,000,000 was taken out in December 2009 at a fixed interest rate of 5.75% to part finance the construction of the New Academic Building. £5,000,000 of this loan was drawn down during 2009-10 and the remainder was drawn down during 2010-11.

These facilities have been provided unsecured subject to the College providing a negative pledge over all assets.

	2011	2010
	£'000	£'000
<b>18. Provisions for liabilities</b>		
At 1 August	3,896	1,381
Utilised in year	(750)	(101)
Charged to the Income and Expenditure Account	3,027	2,616
<b>At 31 July</b>	<b>6,173</b>	<b>3,896</b>

The majority of this provision is to cover the cost of transferring hourly paid staff to fractional posts, with the remainder relating to costs associated with departmental restructuring. We expect the provision for fractional posts to start to unwind during the coming year.

#### 19. Deferred capital grants from funding councils

##### At 1 August

Buildings	28,692	20,839
Equipment	-	193
<b>Total</b>	<b>28,692</b>	<b>21,032</b>

##### Cash received

Buildings	331	9,021
Equipment	60	-
<b>Total</b>	<b>391</b>	<b>9,021</b>

##### Released to Income and Expenditure Account

Buildings depreciation (note 2)	1,300	1,019
Equipment depreciation (note 2)	12	193
<b>Total</b>	<b>1,312</b>	<b>1,212</b>

##### Reclassified to Creditors

Buildings	-	149
Equipment	-	-
<b>Total</b>	<b>-</b>	<b>149</b>

##### At 31 July

Buildings	27,724	28,692
Equipment	48	-
<b>Total</b>	<b>27,772</b>	<b>28,692</b>







	Restricted Expendable	Restricted Permanent	2011 Restricted Total	2010 Restricted Total
	£'000	£'000	£'000	£'000
<b>20. Endowments</b>				
At 1 August				
Capital	233	1,818	2,051	1,880
Accumulated income	52	114	166	98
	<b>285</b>	<b>1,932</b>	<b>2,217</b>	<b>1,978</b>
Income for year (note 6)	1	40	41	114
Expenditure	(67)	(6)	(73)	(57)
New funds	115	1	116	127
Increase/(Decrease) in market value of investments	-	39	39	56
<b>At 31 July</b>	<b>334</b>	<b>2,006</b>	<b>2,340</b>	<b>2,218</b>

**Represented by:**

Capital			2,181	2,052
Accumulated income			159	166
			<b>2,340</b>	<b>2,218</b>

	2011 £'000	2010 £'000
<b>21. Income and expenditure account</b>		
Balance at 1 August	1,357	(581)
Releases from revaluation reserve (note 22)	794	795
Surplus after depreciation of assets at valuation and tax	1,959	16
Actuarial gain on LPFA pension scheme (note 30)	2,519	1,127
<b>As at 31 July</b>	<b>6,629</b>	<b>1,357</b>

**22. Revaluation reserve**

Land and buildings at 1 August	24,023	24,818
Contributions to depreciation (note 21)	(794)	(795)
<b>As at 31 July</b>	<b>23,229</b>	<b>24,023</b>

	2011	2010
	£'000	£'000

### 23. Lease obligations

Obligations under finance leases fall due as follows:

Between two and five years	2,285	1,924
Over five years	7,280	8,005
<b>Total over one year (note 17)</b>	<b>9,565</b>	<b>9,929</b>
Within one year (note 16)	357	288
<b>Total</b>	<b>9,922</b>	<b>10,217</b>

Operating lease commitments for the forthcoming financial year are as follows:

Land and Buildings - leases expiring after 5 years	664	648
	<b>664</b>	<b>648</b>

### 24. Capital commitments and contingent liabilities

Capital commitments contracted as at 31 July	1,651	3,110
Capital expenditure authorised but not contracted as at 31 July	2,685	1,232
	<b>4,336</b>	<b>4,342</b>

The College also has a contingent capital liability arising from a Mobilisation Indemnity entered into with Compass Contract Services (UK) Limited relating to a proposed contract for the provision of catering services. In the event that the parties are unable to finalise the contract, Goldsmiths will be liable to a maximum value £471k excluding VAT. The transaction would also result in the effective transfer of assets to the College.

### 25. Reconciliation of operating surplus to net cash from operations

Surplus for the year	1,959	16
Pension costs less contributions payable	531	652
Depreciation	4,543	4,051
Contribution to depreciation from capital grants	(1,312)	(1,212)
Adjustment to assets in the course of construction	-	316
Investment income	(188)	(231)
Loan interest paid	1,714	1,343
Decrease in stock	-	34
Decrease/(increase) in debtors	(646)	(684)
Increase in creditors	1,002	794
Increase in provisions	2,277	2,515
<b>Net cash inflow from operations</b>	<b>9,880</b>	<b>7,594</b>

	2011	2010
	£'000	£'000
<b>26. Returns on investments and servicing of finance</b>		
Income from endowments and specific funds (note 6)	41	114
Other interest receivable (note 6)	147	117
Interest paid (note 10)	(1,713)	(1,343)
	(1,525)	(1,112)

<b>27. Capital expenditure and financial investments</b>		
Payments to acquire tangible fixed assets	(5,060)	(16,626)
Deferred capital grants received (note 19)	391	9,021
Endowment and specific fund additions and income	83	184
	(4,586)	(7,421)

<b>28. Financing</b>		
New loans	5000	5000
Existing loan redemptions	(440)	(174)
Capital element of finance lease repayment	(288)	(226)
	4,272	4,599

	At 1 August 2010	Cash Flow	Other Changes	At 31 July 2011
	£'000	£'000	£'000	£'000
<b>29. Analysis of changes in net debt</b>				
Cash at bank and in hand				
Endowment Asset Investment	1,301	83	-	1,384
Other	19,469	7,958	-	27,427
Current Asset Investments	-	-	-	-
Debts due within one year	(635)	635	(884)	(884)
Debts due after more than one year	(23,194)	(4,907)	884	(27,217)
	(3,059)	3,769	-	710

### 30. Pension schemes

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the London Pension Fund Authority (LPFA). The assets of the schemes are held in separate trustee-administered funds. The schemes are defined benefit schemes which are externally funded and are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

#### Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2011, USS had over 142,000 active members and the College had 676 active members participating in the scheme.

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

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 22.8 (24.8) years  
Males (females) currently aged 45 24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using an

AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increase was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the College contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1st October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on the College's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/ decrease by 0.5%	Decrease/ increase by £2.2 billion
Rate of pension increases	Increase/ decrease by 0.5%	Increase/ decrease by £1.5 billion
Rate of salary growth	Increase/ decrease by 0.5%	Increase/ decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The total pension cost for the College was £5,315k (2010:£4,081k). This includes £481k (2010:£507k) outstanding contributions at the balance sheet date. The contribution rate payable by the College in the year to 31 July 2011 was 16% of pensionable salaries.

#### **London Pension Fund Authority Pension Fund**

The London Pension Fund Superannuation Scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rate of contribution payable being determined by the actuary.

The latest formal valuation of the fund was at 31 March 2010, with the next formal valuation due as at 31 March 2013. In accordance with Financial Reporting Standard ('FRS') 17, the actuarial valuation at 31 July 2010 has been reviewed and updated as at 31 July 2011 based upon the annual financial assumptions shown below:

### 30. Pension schemes (continued)

The assumed life expectations from age 65 are:

	Males	Females
Retiring today	20.0	23.4
Retiring in 20 years	22.1	25.3
	<b>2011</b>	<b>2010</b>
RPI increases	3.5%	3.2%
CPI increases	2.7%	2.7%
Salary increases	4.5%	4.7%
Pension increases	2.7%	2.7%
Discount rate	5.3%	5.4%

The employer's pension fund assets and expected rate of return as at 31 July are as follows:

	Expected rate of return:		Fair value as at:		
	2011 % per annum	2010 % per annum	2011 £'000	2010 £'000	
Equities	6.8%	7.3%	17,224	15,714	
Target return portfolio	4.5%	4.5%	2,746	2,733	
Alternative assets	5.8%	6.3%	3,495	3,416	
Cash	3.0%	3.0%	998	455	
Other bonds	5.3%	5.4%	499	455	
<b>Total expected return (weighted average)</b>	<b>6.2%</b>	<b>6.7%</b>	<b>Total</b>	<b>24,962</b>	<b>22,773</b>

The following results were measured in accordance with the requirements of FRS17, based on the assumptions summarised above:

	Present value of defined benefit obligation 2011		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Opening	(37,402)	(34,902)	22,773	19,798	(14,629)	(15,104)
Current service cost	(1,313)	(1,218)	-	-	(1,313)	(1,218)
Interest cost	(1,941)	(2,120)	-	-	(1,941)	(2,120)
Contributions by members	(425)	(444)	425	444	-	-
Actuarial gain/(loss)	1,959	(1,460)	560	625	2,519	(835)
Past service cost from move to CPI	-	1,962	-	-	-	1,962
Impact of settlements and curtailments	(98)	-	-	-	(98)	-
Contributions by employer	-	-	1,313	1,288	1,313	1,288
Contributions - unfunded benefits	-	(24)	25	24	25	-
Expected return on assets	-	-	1,508	1,398	1,508	1,398
Estimated unfunded benefits paid	-	24	(25)	(24)	(25)	-
Estimated benefits paid	1,617	780	(1,617)	(780)	-	-
<b>Closing defined benefit obligation</b>	<b>(37,603)</b>	<b>(37,402)</b>	<b>24,962</b>	<b>22,773</b>	<b>(12,641)</b>	<b>(14,629)</b>



### 30. Pension schemes (continued)

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation (present value of scheme liabilities)	(37,603)	(37,402)	(34,902)	(29,006)	(28,742)
Fair value of scheme assets	24,962	22,773	19,798	20,281	22,151
<b>Surplus/(deficit)</b>	<b>(12,641)</b>	<b>(14,629)</b>	<b>(15,104)</b>	<b>(8,725)</b>	<b>(6,591)</b>
<b>Analysis of the amount charged to staff costs within the operating surplus</b>				<b>2011 £'000</b>	<b>2010 £'000</b>
Current service cost				1,313	1,218
Past service cost				-	-
Curtailements and settlements				98	-
<b>Total operating charge</b>				<b>1,411</b>	<b>1,218</b>
<b>Analysis of the amount charged to interest payable</b>					
Expected return on pension scheme assets				1,508	1,398
Interest on pension scheme liabilities				(1,941)	(2,120)
<b>Net charge</b>				<b>(433)</b>	<b>(722)</b>
<b>Projected pension expenses for the year to 31 July 2012</b>					
Service cost				1,273	
Interest on pension scheme liabilities				1,996	
Return on assets				(1,558)	
<b>Net charge</b>				<b>1,711</b>	
Employer contributions				1,297	
<b>Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>	<b>2011 £'000</b>	<b>2010 £'000</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
Cumulative actuarial gains/(losses) at 1 August	(4,509)	(5,636)	566	2,547	(564)
Actuarial (losses)/gains recognised in STRGL	2,519	1,127	(6,202)	(1,981)	3,111
<b>Cumulative actuarial (losses)/gains at 31 July</b>	<b>(1,990)</b>	<b>(4,509)</b>	<b>(5,636)</b>	<b>566</b>	<b>2,547</b>

The College's contribution for non-academic staff as a percentage of pensionable salaries was 19.8% from April 2008. The pension charge for the year to 31 July 2011 was £1,313k (2010:£1,218k).

	2010	2011
	£'000	£'000
<b>31. Hardship funds</b>		
Balance at 1 August	26	16
HEFCE grant received	154	193
Interest earned	1	-
Disbursed to students and administration	(148)	(183)
<b>Underspent at 31 July</b>	<b>33</b>	<b>26</b>

<b>32. TDA training bursaries</b>		
Balance at 1 August	-	78
Grant received relating to 2009-10 overspend	62	-
Adjustment for 2009-10 grant	(62)	-
Grant received relating to 2010-11	2,985	3,065
Payments to trainees in the year	(2,669)	(3,143)
<b>(Over)/Underspent at 31 July</b>	<b>316</b>	<b>-</b>

<b>33. TDA SKE hardship</b>		
Balance at 1 August	2	-
Grant received	2	2
Grant clawed back	(2)	-
Payments to trainees	-	-
<b>Underspent at 31 July</b>	<b>2</b>	<b>2</b>

Funding body grants shown in notes 31-33 are available solely for students, the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account. The balance at 31 July is included in Creditors.

<b>34. TDA minority ethnic recruitment</b>		
Balance at 1 August	(3)	12
Grant received	-	12
Grant clawed back	-	(12)
Expenditure	-	(15)
Overspend absorbed	3	-
<b>(Over)/Underspent at 31 July</b>	<b>-</b>	<b>(3)</b>

<b>35. Student associates scheme</b>		
Balance at 1 August	34	57
Grant received	67	84
Potential clawback	(101)	-
Expenditure	(70)	(107)
<b>Over/Underspent at 31 July</b>	<b>(70)</b>	<b>34</b>

### 36. Related party transactions

Due to the nature of the College's operations and the composition of the Council (being drawn from local public and private sector organisations) it is possible that transactions take place with organisations in which a member of Council or a member of staff may have an interest. Excluding transactions with Goldsmiths' Student' Union, which are disclosed below, there are no transactions of which the College is aware but any such transactions that may arise would be conducted at arm's length and in accordance with the College's Conflicts of Interest Policy.

The President of the Students' Union is a trustee of both the College and Goldsmiths' Student Union therefore the two entities are related parties. In 2010-11 the College provided the Students' Union with a grant of £0.6m. It also provided postage and telephony services and some small items of equipment at cost. In addition, the College provides accommodation, payroll and pensions administration services and use of the IT network to the Students' Union free of charge.

The College has no linked ("paragraph w") charities.





