



Goldsmiths

UNIVERSITY OF LONDON

Annual Reports and Financial Statements
For the year ended
31 July 2015

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Warden's Foreword

Goldsmiths began life as the Goldsmiths' Company's Technical and Recreative Institute, opened with pomp and pageantry by the Prince of Wales in July 1891. 2014-15 saw Goldsmiths enter its 125th year, having built on modest origins as an educator of the 'industrial working and poorer classes' to claim its place at the forefront of creative and cultural thought and practice.

The Research Excellence Framework result's published in December 2014 confirmed Goldsmith's strong academic position, with almost three quarters of our research classified as 'world leading' or 'internationally excellent'. Media and Communications was rated in the top three in the UK for 3 and 4* research, with Anthropology placed in the top five on the same measure. High ratings for impact across the full range of our departments reflected the societal relevance of Goldsmiths' research: our work breaks new ground, influences debate and changes lives.

Our reputation was underlined by the internationally respected QS World University Rankings; naming Art and Design, and Media and Communications at Goldsmiths in the top 25 in the world and in the top five in the UK. Sociology was rated 45th in the world and 9th in the UK.

Academic innovations included the launch of the Political Economy Research Centre (PERC), bringing together critical thinkers to generate new perspectives on contemporary capitalism. The formation of the Fashion Research Unit marked the success of the recently introduced MA in Fashion, based in the Department of Design, which encourages creative practitioners to challenge traditional boundaries in the fashion world. The Centre for Philosophy and Critical Thought was established in May as a home for philosophical inquiry and rigorous intellectual dialogue at Goldsmiths.

As part of the appeal to create a new public art gallery on campus, work donated by Goldsmiths graduates in the contemporary art world sold for more than £1.4 million at Christie's. The artists who donated so generously included Damien Hirst, Sarah Lucas and Antony Gormley. Elsewhere on campus, Goldsmiths teamed up with pioneering firm Meanwhile Space to establish a regeneration scheme to develop a hub for creative start-ups at 302 to 312 New Cross Road.

In May, 'Goldsmiths Reunite: Around the World in 7 Days' - a series of volunteer-led events - took place in 13 different cities across the globe, from São Paulo to Rome to Singapore. The first event of its kind in Goldsmiths' history, Goldsmiths Reunite demonstrated the diversity and dynamism of our global alumni.

Cultural events at Goldsmiths included Creative Machine, a major exhibition exploring the twilight world of human/machine creativity in contemporary art, including installations of video and computer art, artificial intelligence, robotics and apps. The legacies of Professors Stuart Hall and Richard Hoggart were also marked by high-profile events with stellar speakers.

With so many positive innovations and developments it has been another successful year for Goldsmiths, with the needs of our students, staff, alumni and community remaining at the heart of everything we do.

Patrick Loughrey
Warden



Council and Committee Membership

Council

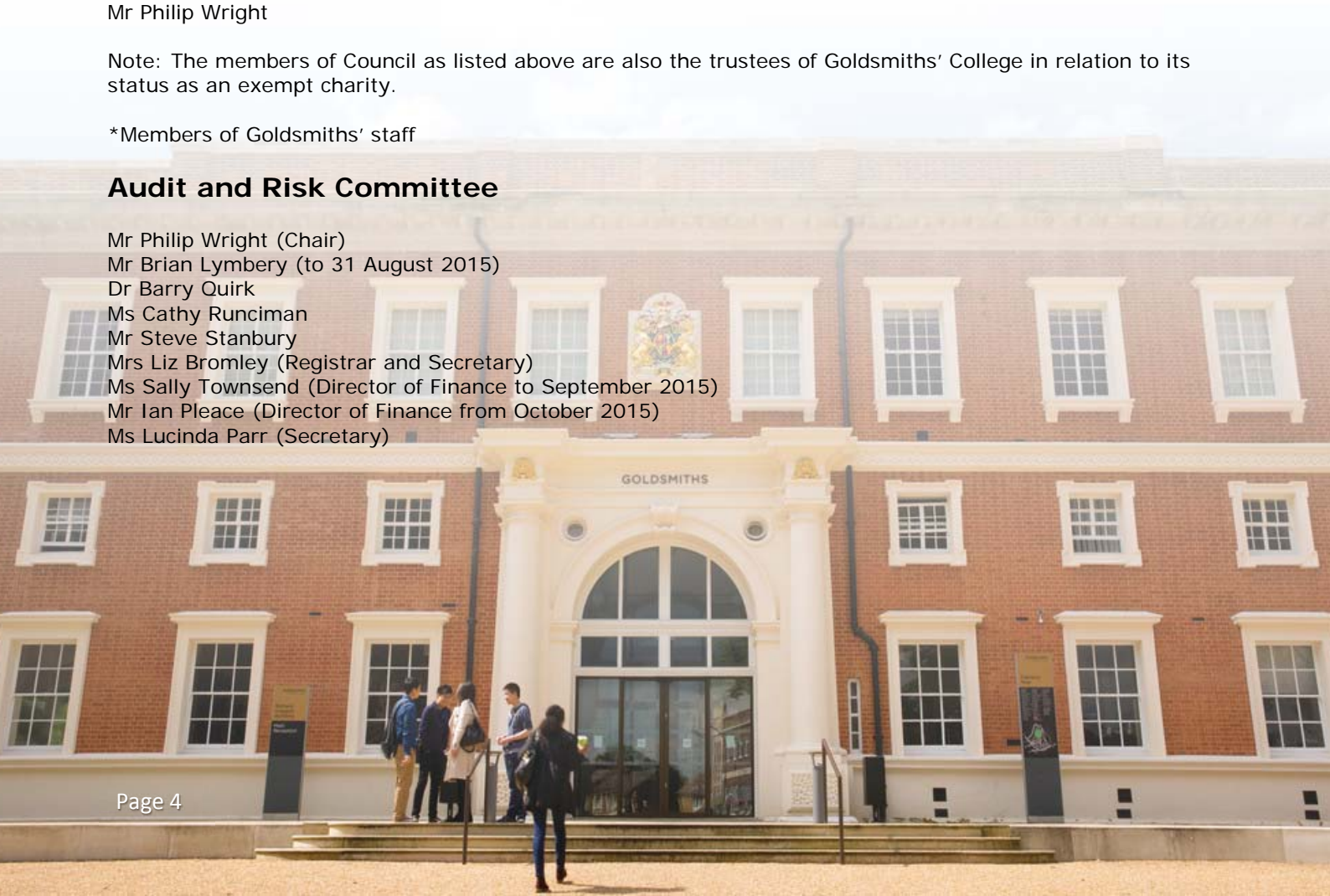
Baroness Morris of Yardley (Estelle Morris) (Chair to 31 August 2015)
Mr Patrick Loughrey (Warden) *
Professor Roger Burrows *
Professor Mark d'Inverno *
Professor Jane Powell *
Professor Elisabeth Hill *
Mr Dick Melly (Clerk to the Goldsmiths' Company)
Mr Howard Littler (President of the Students' Union, 2014-15)
Mr Gerald Lidstone (to 31 August 2015) *
Dr Richard Noble *
Dr Derval Tubridy (to 31 August 2015) *
Mr John Wadsworth *
Ms Vivienne Rose (to 31 August 2015) *
Yan (Ziggi) Szafranski (to 31 August 2015)
Mr Nick Barron
Dr Rupert Evenett (to 31 August 2015)
Mr James Grierson
Mr Brian Lymbery
Ms Jackie Morgan
Dr Barry Quirk
Mr David Richards
Ms Cathy Runciman
Ms Vanessa Sharp
Ms Jessica Wanamaker
Mr Tom Wilson
Mr Philip Wright

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

*Members of Goldsmiths' staff

Audit and Risk Committee

Mr Philip Wright (Chair)
Mr Brian Lymbery (to 31 August 2015)
Dr Barry Quirk
Ms Cathy Runciman
Mr Steve Stanbury
Mrs Liz Bromley (Registrar and Secretary)
Ms Sally Townsend (Director of Finance to September 2015)
Mr Ian Pleace (Director of Finance from October 2015)
Ms Lucinda Parr (Secretary)



Operating and Financial Review

Introduction

Goldsmiths, University of London continues to enjoy a global reputation for its leading and challenging work in the arts, humanities, social sciences and computing. Our commitment to the highest academic standards of teaching and research underpins all that we do. Goldsmiths brings creative and unconventional approaches to all of its subjects. It values tolerance and diversity, and the freedom to experiment, to think differently and to be an individual.

A major element of our success has been the creative and innovative approach to teaching and research taken by academic colleagues. We are fortunate to attract nearly 9,000 students each year who come to Goldsmiths to take part in undergraduate, postgraduate, teacher training and return-to-study opportunities in subjects across our three schools covering creative arts, social sciences, humanities, management, and computing. Our commitment to widening participation is also evidenced in the flexible learning and distance learning opportunities provided through the University of London International Programmes.

Almost three quarters of research at Goldsmiths was rated as 'world leading' (4*) or 'internationally excellent' (3*) by the 2014 Research Excellence Framework. Our research work involves working closely with other research-focused universities in the UK, including other member institutions of the University of London. The Which? annual student survey asked over 12,500 undergraduate students about their university and how they rated its creativity, social and political scene and quality of facilities. Goldsmiths was placed in the top five creative universities and in the top ten for politics.

Goldsmiths' unique academic approach comes from the interaction and co-operation of its academic departments, together with a number of smaller specialist centres and units with a strong commitment to interdisciplinary work.

Operating highlights

Goldsmiths is both a local (South East London) and international institution. 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. We remain committed to the local community and life-long learning and, as you will read in the Public Benefit section, we continue to be committed to supporting the brightest and the best from South East London.

Our international impact is at both a personal (alumni and staff) level and an institutional level as we develop teaching and research partnerships with others.

Goldsmiths alumni have, and continue to, change the world. Former students include Antony Gormley, Julian Opie, Malorie Blackman, Katy B, Tessa Jowell, Julian Clary, Mary Quant, Margaret Howell, Linton Kwesi Johnson, Bridget Riley and Malcolm McLaren. The success of our art alumni is well documented – seven winners of the Turner Prize have studied here – but we make equally strong contributions to contemporary music and literature. We are pleased that Marion Coutts (Art) was awarded the Wellcome Book Prize 2015, Dr Alexander Watson (History) won the Guggenheim-Lehrman Prize in Military History and the Wolfson History Prize, and Media and Communications PhD student Zoe Pilger won a Betty Trask Award and a Somerset Maugham Award.

The Department of Sociology's research places it top in the UK and has won additional grants totalling over £1m to research areas such as the 'super-rich', poverty in India and urban sensory experiences. Our Department of Computing continues to build strong partnerships with external organisations and companies, including M&C Saatchi, and boasts employment in relevant fields for all students within two months of graduation. 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. We are committed to attracting the most promising academic talent from a wide range of backgrounds. The work we are doing to build on this strong tradition of public engagement is further outlined in the Public Benefit Statement below.

As part of our London and the World commitment in our strategy, we continue to develop wider strategic partnerships. The largest of our current projects is our relationship with LASALLE College of the Arts in Singapore, which currently delivers a range of Goldsmiths-validated BA and MA programmes, with more in

development. These span a wide range of specialisms, delivered by five Faculties: Creative Industries, Design, Fine Arts, Media Arts and Performing Arts.

Examples of smaller projects, involving collaborations on individual programmes, include the establishment of a study abroad arrangement for our undergraduate programmes that combine with the study of Chinese language and culture in partnership with Capital Normal University Beijing and a pilot project involving the off-campus delivery of a dual language learning short course at an international school in China. We have recently established a partnership with the Music Therapy organisation, Nordoff Robbins: we now validate their Masters and MPhil/PhD programmes, and are developing a number of research collaborations involving several academic departments at Goldsmiths.

Students and staff

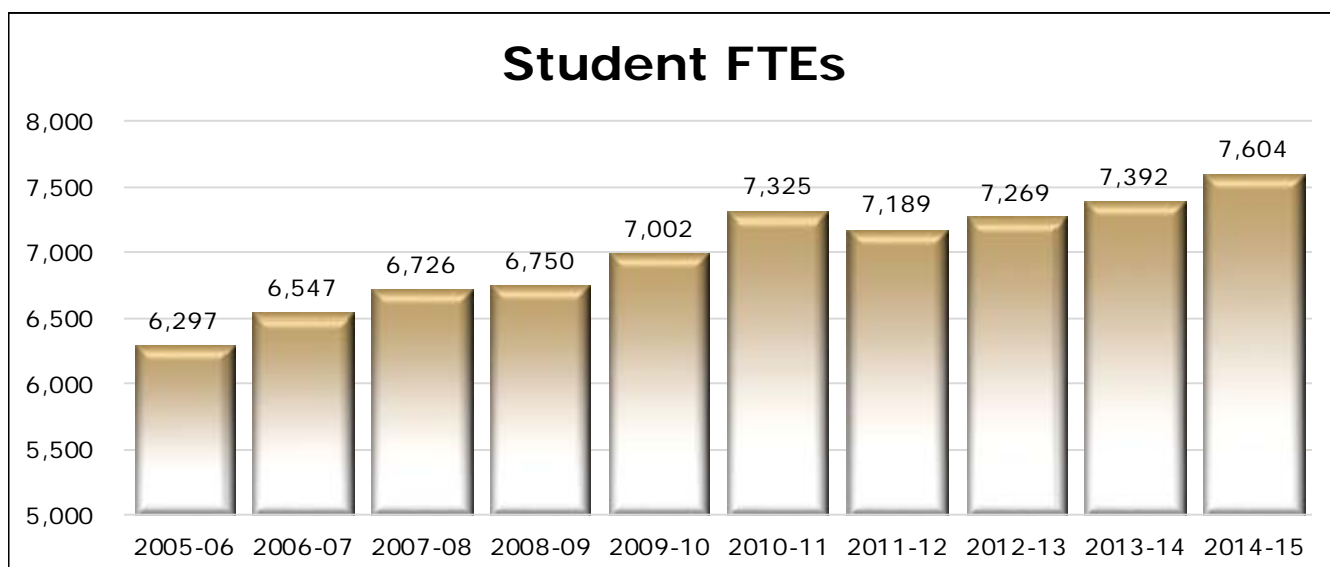
Goldsmiths has around 4,900 full-time undergraduates; approximately 2,400 full-time equivalent postgraduates and a further 1,500 part-time students. 80% of our students are Home/EU domiciled. The university employs around 1,800 staff, including almost 400 permanent academics. One of our most recent initiatives has been to share with colleagues and students 'Gold Stories' as a way of highlighting the contribution that interdisciplinary and leading academic work can contribute to the wider academy and society. We are proud of the continuing recognition being won for teaching, professional services, publications, community events, social media and research. Professional development opportunities are open to all colleagues as we aim to be at the forefront of accredited staff development. Our Human Resources Learning and Development Team continue to work closely with academic and professional services colleagues to support ongoing academic and professional development opportunities within the institution.

We continue to attract good quality staff members who can effectively support students in their learning and development.

To continue to achieve high standards, Goldsmiths is developing and growing the range of undergraduate, postgraduate and continuing and professional development courses. New programmes have been developed in Politics, Philosophy and Economics (taking a successful formula but adding a political and socially relevant Goldsmiths twist) and in Management and Entrepreneurship. We continue to have success in recruitment for undergraduate degrees across the range of disciplines in the three academic schools – Arts & Humanities, Individuals, Systems & Organisations and Culture & Society.

Goldsmiths aims to equip our students with the necessary skills and knowledge required for them to excel in whatever they decide to pursue after graduation – and students tell us that Goldsmiths' unique atmosphere and environment encourages them to be confident and independent. Education and development at Goldsmiths enables our students to become passionate, engaged members of society who have a sense of possibility and optimism about the future. Goldsmiths can also help students and wider society by improving employability and our offer to students is supported by experts from the Careers Service, Goldsmiths' Teaching and Learning Innovation Centre, the Students' Union and other specialist areas.

Work placements continue to be developed by our dedicated Work Placement Manager with over 1,400 students at Goldsmiths currently undertaking some form of placement related to their studies for both undergraduate and postgraduate degree programmes across most academic departments. Recent placement



partner organisations have included Crisis, the British Council, Tate Modern, M&C Saatchi and Selfridges. Numbers of placements continue to increase and as work experience is crucial to long-term employability we will continue to expand this offering.

Our National Student Survey results continue to improve with 91% of our students reporting that they are happy with teaching on their course. This is a promising indication that efforts to improve student satisfaction are continuing to work. One of our priorities for 2014-15 will be the Higher Education Review, a peer review of academic standards and provision of learning opportunities by the Quality Assurance Agency for Higher Education. Goldsmiths sees the HER as an opportunity to report and share good practice within Goldsmiths and to identify further improvements we can make for the future.

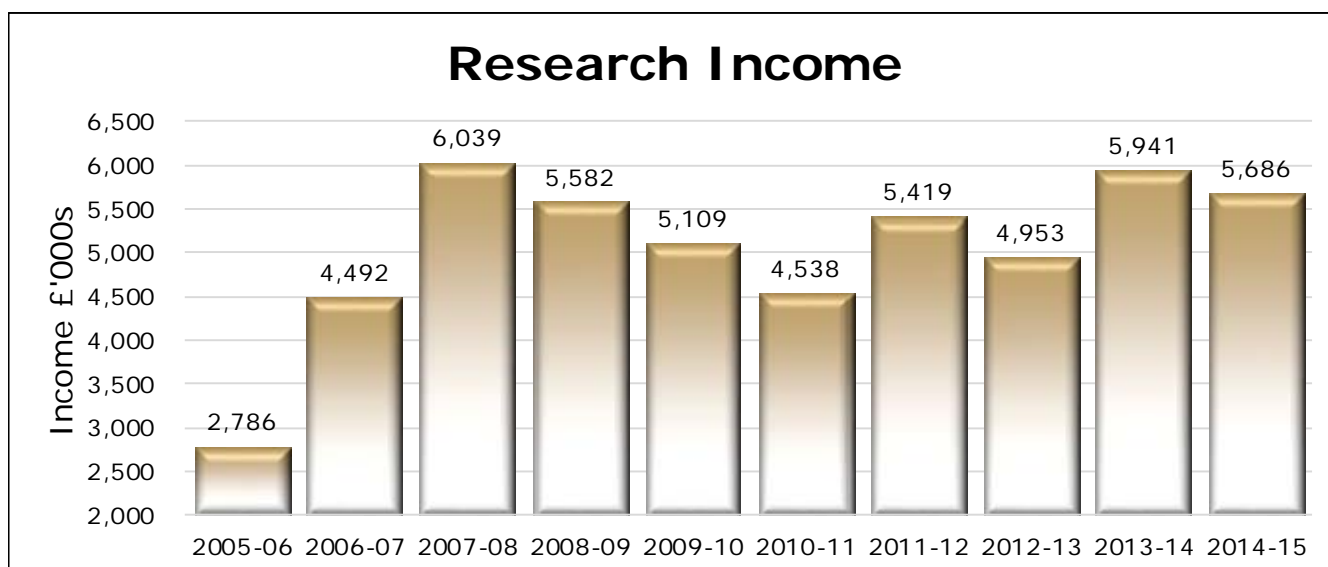
Goldsmiths enjoys a unique campus environment and students tell us that they value the New Cross experience as being different from both more traditional city centre universities and out of town campuses. The location at New Cross does mean that we need to offer a broad range of facilities and particular effort has been put in recent years in adding additional catering outlets on campus with the new Library café facility and a new balcony space above the Refectory in the Richard Hoggart Building. Enhancing the whole student experience is important to us, and investment has also been made in improving Wi-Fi across the campus and developing the core physical estate and on-going improvements to IT services and systems. In addition to the rolling programme of teaching room refurbishments across campus, new specialist teaching spaces for Computing and Psychology were recently developed and students in Art benefit from new studios in the refurbished St James Hatcham.

Research and enterprise

Goldsmiths is a research led institution, internationally renowned for its pioneering interdisciplinary research in the arts, humanities, social sciences and computing. The Research Excellence Framework (REF2014) rated almost three-quarters of research at Goldsmiths as world leading (4*) or internationally excellent (3*) and we are committed to making a real difference to society, culture and the economy through our research activity.

Planning a secure future for Goldsmiths research in the wake of the REF2014 results has been a key activity in the year as we aim to continue to produce outstanding internationally renowned research. Key areas of focus include:

- A new research and enterprise strategy intended to help galvanise a sense of collective endeavour in order to sustain and grow Goldsmiths as a research led university.
- A new team situated in the Research and Enterprise offices specifically targeted with developing external partnerships and bringing in increased funding to support research.
- Developing a one stop shop for academic staff by housing our Research and Enterprise Offices together with our Research Finance office.
- Development of a service level agreement for research support at Goldsmiths.
- Investment in interdisciplinary research centres as places where we can develop teams of researchers to bid successfully for large inter-disciplinary research grants.
- Strengthening our expertise in practice research. Our Practice Research Working Group has a remit of promoting and developing practice research methods both internally and externally. The group's



work led to a symposium on "The Future of Practice Research" co-hosted with HEFCE in June 2015 that attracted over 200 practitioners and academics. We are currently developing a roadmap for developing practice research at Goldsmiths.

- Supporting early career researchers.
- Strengthening Departmental Research & Enterprise Committees.
- Development and implementation of national initiatives such as open access (including open data) and research ethics and integrity.
- Publishing a new annual celebration of research within Goldsmiths to increase self-awareness and help develop new collaborations (internally and externally).

Research income has fallen by 4% in the 2014-15 financial year and this performance is consistent with the experience of the sector as a whole. For example, government funding of UK Research Councils is being reduced as is the money made available to us through HEFCE's "Quality Related" grant funding, whilst larger numbers of applicants are competing for these reduced funds. The funding environment has become much less supportive of research in the arts and humanities in recent years and these are some of our renowned subject specialisms. Against this difficult funding environment we are committed to seeking out new and innovative ways to attract research funding and to increase our success in grant applications.

Our enterprise activities connect people and organisations with Goldsmiths' research excellence and expertise. By listening to the needs and aspirations of individuals and organisations, we ensure that Goldsmiths' international reputation for creativity, innovation, and cutting-edge research reaches far beyond traditional higher education. Our Enterprise Office works closely with academic colleagues to support our achievements in developing strategic partnerships, growing consultancy activity and cultivating new research collaborations with external organisations.

Higher Education Innovation Funding (HEIF) from HEFCE allows us to financially support the activities of the Enterprise Office. HEFCE has confirmed that HEIF funding will continue for the next session (2015/16). The funding is awarded only to institutions that achieve the required levels of externally generated income from enterprise and in the current round a number of specialist arts institutions did not secure this funding. The qualifying income is captured by the Higher Education Business and Community (HEBCIS) annual survey and Goldsmiths reported a total £6,975,000 in 2013/14 which represents a year-on-year increase for the past three years, with significant gains in consultancy and short unaccredited courses.

The Enterprise Office seed funded and carried out an initial short courses pilot project to identify opportunities for financially sustainable growth. The findings of this pilot suggested that there is a significant opportunity to establish Goldsmiths as a market leader in the field and we have recently agreed a further eighteen month development and implementation programme. As a result we have launched a number of new courses in autumn 2015 with the aim of expanding the courses we offer throughout the year. In total, our longer term goal is to offer up to 60 different courses annually.

This exciting initiative is fully consistent with the original objectives of Goldsmiths. The Goldsmiths' Technical and Recreative Institute was founded by the Worshipful Company of Goldsmiths in 1891 dedicated to 'the promotion of technical skill, knowledge, health and general well-being among men and women of the industrial, working and artisan classes'. Our new short courses initiative will revive and reinvigorate this proud tradition of widening participation in all that Goldsmiths has to offer.

Financial highlights

The operating surplus was £1.66m in the year ended 31 July 2015, a reduction of 75.0% from the £6.6m achieved in the previous year. Both years' results were impacted significantly by the exceptional items identified in the table below. After removing these exceptional items, the adjusted surplus on continuing operations in the year ended 31 July 2015 was £2.24m, a reduction of 28.1% from the £3.1m achieved in the previous year.

Reported Basis	2010/11	2011/12	2012/13	2013/14	2014/15
Income	81,324	82,902	90,111	97,181	104,016
Expenditure					
Staff costs	50,686	50,010	50,822	52,008	60,398
Non-staff costs	28,712	31,168	35,131	38,550	41,963
	79,398	81,178	85,953	90,558	102,361
Surplus on continuing operations	1,926	1,724	4,158	6,623	1,655
<i>As a percentage of income</i>	<i>2.4%</i>	<i>2.1%</i>	<i>4.6%</i>	<i>6.8%</i>	<i>1.6%</i>
<i>Income change %</i>		<i>1.94%</i>	<i>8.70%</i>	<i>7.85%</i>	<i>7.03%</i>
<i>Expenditure change %</i>		<i>2.24%</i>	<i>5.88%</i>	<i>5.36%</i>	<i>13.03%</i>
<i>Surplus change %</i>		<i>(10.5)%</i>	<i>141.2%</i>	<i>59.3%</i>	<i>(75.0)%</i>

Adjusted basis - for additional information					
Income	81,324	82,902	89,329	97,181	103,214
Expenditure					
Adjusted staff costs	50,686	50,010	50,822	55,509	59,006
Non-staff costs	28,712	31,168	35,131	38,550	41,963
	79,398	81,178	85,953	94,059	100,969
Adjusted surplus on continuing operations	1,926	1,724	3,376	3,122	2,245
<i>As a percentage of income</i>	<i>2.4%</i>	<i>2.1%</i>	<i>3.8%</i>	<i>3.2%</i>	<i>2.2%</i>
<i>Adjusted income change %</i>		<i>1.94%</i>	<i>7.75%</i>	<i>8.79%</i>	<i>6.21%</i>
<i>Adjusted expenditure change %</i>		<i>2.24%</i>	<i>5.88%</i>	<i>9.43%</i>	<i>7.35%</i>
<i>Adjusted surplus change %</i>		<i>(10.49)%</i>	<i>95.82%</i>	<i>(7.52)%</i>	<i>(28.09)%</i>
Reconciliation of reported to adjusted results					
Adjusted surplus on continuing operations	1,926	1,724	3,376	3,122	2,245
Exceptional items:					
Gain on sale of building			782		802
Costs of voluntary severance scheme					(2,068)
Partial release of HERA provision				5,182	676
Additional LPFA contribution				(1,681)	
	-	-	782	3,501	(590)
Surplus on continuing operations	1,926	1,724	4,158	6,623	1,655

The principal reasons for this underlying decline are as follows:

- Home/EU undergraduate fees, our largest single source of income are fixed at £9,000. As a result, their value in real terms declines annually given underlying cost inflation.
- Headcount expressed in Full Time Equivalent terms has increased by 4.8%, reflecting increases in both academic and professional services departments.

- Research grant income has reduced in the year.

We continue to focus on achieving an operating surplus in order to provide financial resilience in an uncertain operating environment and to continue to invest in estates and IT infrastructure to improve the student and staff experience.

Income

Income has increased by 7% in the year ended 31 July 2015. After adjusting for a one-off gain on the sale of a property, the increase was 6.2%. The reasons for this growth are described below.

Funding body grants

Funding body grants have declined from £17.66m to £14.59m, a reduction of 17%. In the prior year, we received teaching grant in respect of our third year cohort of Home/EU undergraduates whose tuition fees reflected the previous funding regime. In the year ended 31 July 2015, all Home/EU undergraduates were subject to the £9,000 fee arrangements and our teaching grant was reduced as a result.

Tuition fees and education contracts

Tuition fees increased from £59.41m to £67.67m, an increase of 14%. This growth reflects an overall growth in student numbers, together with the impact of all Home/EU undergraduates now paying the £9,000 fee, as described above.

Research grants and contracts

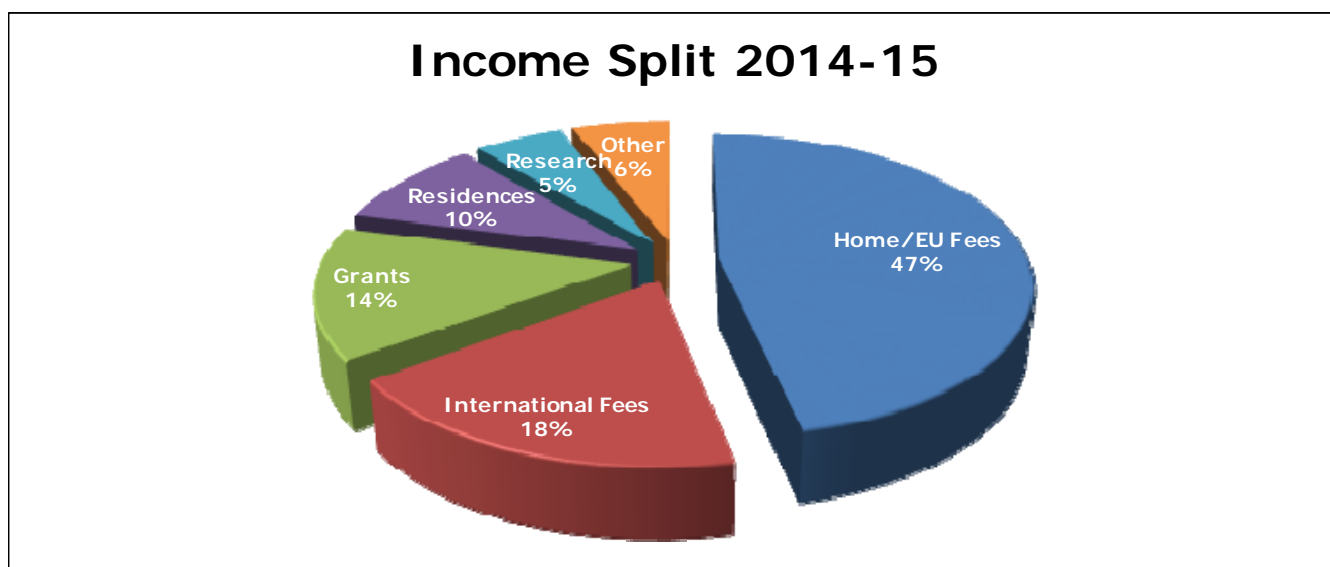
Research grants and contracts have reduced from £5.94m to £5.69m, a reduction of 4%. Research funding for the Arts, Humanities and Social Sciences, the primary academic areas in which Goldsmiths specialises, remains under pressure, with government policy continuing to favour research in science, technology, engineering and medicine. Future growth in our research grant income remains a strategic priority for Goldsmiths.

Other operating income

Other operating income has increased by 14.9% to £15.8m. During the year we rented additional student accommodation on short term lets. Whilst the additional income earned from these rooms has driven the increase in other operating income, this is offset in other operating expenses by the rental charges that Goldsmiths must pay to the owners of the accommodation. Included in other operating income is a one-off item in respect of the sale of a property, which resulted in a gain of £0.8m (2014: £nil).

Endowment and investment income

Endowment and investment income, a small income stream for Goldsmiths, has declined given the reduction in cash balances during the year.



Expenditure

Expenditure has increased by 13% in the year ended 31 July 2015. This growth is heavily impacted by the exceptional items described below. Removing the impact of these amounts gives an increase in adjusted expenditure of 7%, broadly in line with the growth in income. The reasons for this growth are described below.

Staff costs

On an adjusted basis, staff costs have increased from £55.5m to £59.0m, an increase of 6.2%. This increase reflects:

- Headcount growth of 4.8% from 1,073 to 1,124 (Full Time Equivalent basis), comprising growth of 4% in academic headcount and 5% in administrative and other headcount. This headcount growth reflects our growing student base which has staffing implications both for teaching requirements and for those professional services that directly affect daily student life.
- Pay rises, salary scale progression and promotions across academic and professional services departments.

Headline reported staff cost numbers are significantly impacted by exceptional items. Including one-off items, staff cost numbers increased by 16.1%.

In 2014 the exceptional items were as follows:

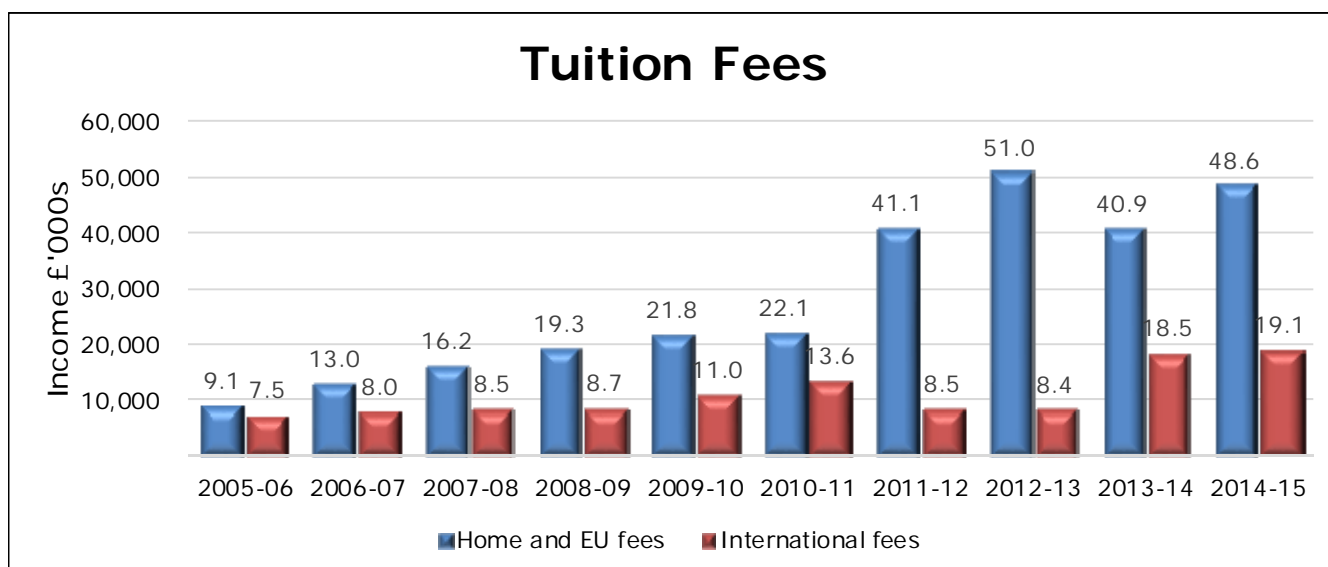
- A provision held in respect of the Higher Education Role Analysis (HERA) grading assimilation exercise was partially released following completion of negotiations with trade unions. This resulted in a non-cash release to the income and expenditure statement of £5.2m.
- One of our two main pension schemes, the London Pensions Fund Authority (LPFA) scheme, required us to fund past service obligations which were not fully funded. This resulted in an additional cost of £1.7m. Whilst future amounts will still be payable in respect of this obligation, they will be incremental in nature and smaller in size.

In 2015, the exceptional items related to:

- A voluntary severance scheme undertaken towards the end of the financial year which resulted in an exceptional cost of £2.1m.
- A further release of £0.7m in respect of the HERA provision described above.

Other operating expenditure

Other operating expenses have increase by 13.8% to £33.96m. This growth is as a result of legal and advisory fees in connection with our student accommodation transfer project described in note 25 of the financial statements. In addition, where we have taken short term lets on additional student accommodation, the rental costs paid by Goldsmiths are included in other operating expenses, offset by the rentals we charge to students recorded within other operating income.



Depreciation

Depreciation charges are slightly lower in the year, reflecting an immaterial adjustment to correct for instances of excessive depreciation on certain assets in prior years. Had this adjustment not been made, depreciation would have increased slightly on the prior year position.

Interest and finance costs

Interest and finance costs have declined from £2.22m to £1.84m, a reduction of 17%. This reflects:

- The ongoing repayment of external debt and finance lease liabilities, which reduces the level of debt upon which interest is charged.
- A reduction in net interest charged on the LPFA pension scheme deficit as a result of changes in actuarial assumptions.

Balance Sheet and Cash Flow

Net assets have reduced slightly to £65.8m as at 31 July 2015 (2014: £67.1m). After adjusting for the volatility that arises from changes in the LPFA pension liability, our adjusted net assets increased by 3.7% to £88.1m as at 31 July 2015 (2014: £85.0m).

This strengthening reflects continued investment in our infrastructure and estate, with fixed asset additions of £11.7m in the year, which is significantly ahead of depreciation charges of £6.2m. In addition, long term creditors, comprising external bank debt and finance leases, have declined as scheduled repayments have been made. There have been no new external borrowings in the year.

Offset against this is a reduction in cash, which is largely driven by the additional capital investment made. In addition, provisions have increased primarily as a result of the voluntary severance scheme undertaken towards the end of the year, although most of this balance was subsequently utilised in August 2015 as those individuals concerned received agreed severance payments.

Deferred capital grants have increased in the year. Whilst the amount of capital grants available from funding bodies has become much more constrained, considerable effort has been put into securing funding from alternative sources. During the year, £1.59m was received following a successful fundraising campaign in support of a proposed new art gallery at our New Cross campus. Central to this effort was an auction of art work kindly donated by alumni and other supporters of Goldsmiths.

FRS 102

In line with the wider Higher Education sector, Goldsmiths will be the subject of a new accounting and reporting regime from 2016. Financial Reporting Standard 102 (FRS 102) will replace the UK Generally Accepted Accounting Principles (UK GAAP) under which these 2015 financial statements have been prepared. Implementation of FRS 102 also requires us to adhere to the requirements of the new Higher Education Statement of Recommended Practice which codifies specific applications of FRS 102 to our sector.

We are in the process of undertaking an exercise to quantify the impact of FRS 102, and expect the principal adjustments to be in respect of:

- The requirement to recognise a liability in respect of obligations that arise from our membership of the Universities Superannuation Scheme. Under current UK GAAP, no such liabilities are recorded. Their recognition will reduce our net assets and this is expected to be one of the most significant changes.
- Our ability to revalue fixed assets on an asset-by-asset basis to reflect more up to date valuations of our estate. Any revaluation is expected to be upwards, which would benefit our net asset position.
- An accounting policy choice over how publicly-funded deferred capital grants for buildings are treated. If the performance method of recognition is adopted, we will retain the current balance sheet treatment of these amounts, but will no longer benefit from the gradual recognition of existing deferred grants in our income and expenditure statement. If the accruals method is adopted, the gradual recognition in the income and expenditure statement of existing grants will continue, but the deferred amounts held in our balance sheet will fall to be treated as a liability, reducing our net assets.
- The requirement to accrue for holiday pay and other compensated absences. As the annual time period over which our staff can take their holidays is not aligned with our financial year, an accrual will need to be made to reflect the cost of holiday entitlement due, but not taken, by 31 July. This will reduce our net assets.
- For the LPFA pension scheme, a single net interest cost will be calculated under FRS 102 (i.e. interest on the pension liability less the return on plan assets), calculated using the discount rate. Under old

UK GAAP, a separate (and usually higher) rate is used to calculate the return on plan assets. Using a lower rate will have a negative impact on our income and expenditure statement.

This is not an exhaustive list, but serves to highlight the principal areas of focus and likely change.

Financial Outlook

Whilst FRS 102 will clearly have a significant impact on our reported financial results and position in 2016, the primary “real world” drivers of our financial performance will be:

- Continued student number growth, especially at undergraduate level, although postgraduate recruitment has remained challenging.
- Reduced “Quality Related” (QR) research grant funding following the 2014 Research Excellence Framework exercise conducted across the higher education sector.
- Further increases in staff costs. In addition to regular staff cost growth, the impact of additional USS pension contributions and higher Employers’ National Insurance contributions will begin to be felt.
- Savings achieved from efficiency initiatives as well as the full year cost savings impact of the voluntary severance scheme concluded in July 2015.

As a result, our financial performance will remain under pressure and we expect our 2016 adjusted surplus to be lower than that achieved in 2015. This emphasises the need for continued focus on achieving a sustainable level of surplus. The fundamental financial position of Goldsmiths, however, remains strong and was further strengthened in September 2015 by a £20.3m cash receipt arising from the granting of 50 year leases on three of our halls of residence to Campus Living Villages Limited, who will now operate and manage these residences. This receipt, and its future re-investment in the infrastructure of Goldsmiths, will play a major role in sustaining our university as a vibrant academic institution.

Going concern statement

Goldsmiths’ activities, together with the factors likely to affect its future development, performance and position are set out in the operating review above. The financial position of the university, its cash flows, liquidity position and borrowing facilities are described in the Financial Highlights above, the cash flow statements on page 27 and in note 17 of the financial statements.

The university adopts a cautious approach to financial risk management. For example, the post year end capital receipt of £20.3m described in the Financial Outlook section above has been invested in low risk deposit accounts, along with our existing cash balances. Whilst this limits the amount of financial return available, it does not expose these essential funds to undue risk.

Our external borrowings and finance leases are well established and no new debt has been taken on in the year. We continue to meet our scheduled repayments and remain compliant with the covenants that attach to external debt. Our forecasts show that this will continue to be the case. In making these statements, Council has considered forecasts that cover a period in excess of one year from the date of signing the financial statements.

We believe that Goldsmiths is well placed to manage its business risks successfully, despite the current uncertain economic outlook and the funding pressures facing the higher education sector. Council has a reasonable expectation that Goldsmiths has adequate resources to continue in operational existence for the foreseeable future, such that the going concern basis of accounting continues to be adopted in preparing these annual financial statements.

Public benefit statement

Public benefit

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 2011, Council continues to have 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.

Achieving public benefit: our strategy

Goldsmiths' approach is integrated with our Strategic Aims, grouped under four strategic "pillars" within the Strategic Plan as follows:

- Knowledge production
- Student experience
- London and the world
- Financial sustainability

The first and third of these encompass a broadening and deepening of our external interactions which will unlock new opportunities for us to provide future public benefit.

In addition in 2013-14, Goldsmiths produced a "Goldsmiths: Creating Value" statement that focused on how we leverage the values that we share as a Goldsmiths community to achieve value for our beneficiaries.

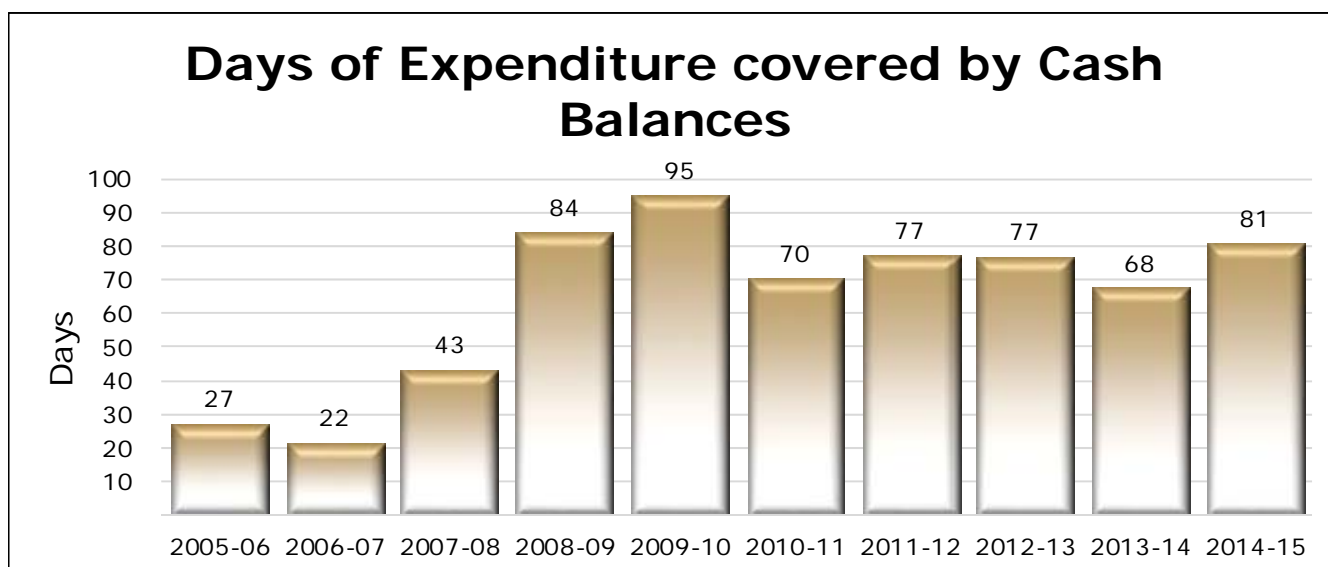
Education, access, opportunity and experience

The principal benefits to the public (and beneficiaries) arise from the university's activities in teaching, research and knowledge production and include the students of Goldsmiths. 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).

Providing opportunity and access to all those who might benefit from studying at Goldsmiths is core to our mission.

Our location 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, is important to us. From its establishment up to the present day, Goldsmiths 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 and staff. Among the initiatives that focus on the local community are our "Realising opportunity" scheme, and Lewisham-focused scholarships.

Goldsmiths offers a range of short courses and undergraduate and postgraduate degrees, and students from non-traditional educational backgrounds are welcomed. In addition a portfolio of professional services courses is offered, particularly by our Department of Social, Therapeutic and Community Studies. The Teachers' Centre within our Department of Educational Studies provides continuing professional development support for primary and secondary level teachers, which both supports teachers' CPD and enables us to build relationships with schools in the south-east of England and London.



Goldsmiths undertakes outreach work with local schools and colleges through its student 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. We work with schoolchildren of all ages, raising aspirations at all levels as well running taster days and summer schools 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 on-going 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.

Commitment to Community

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

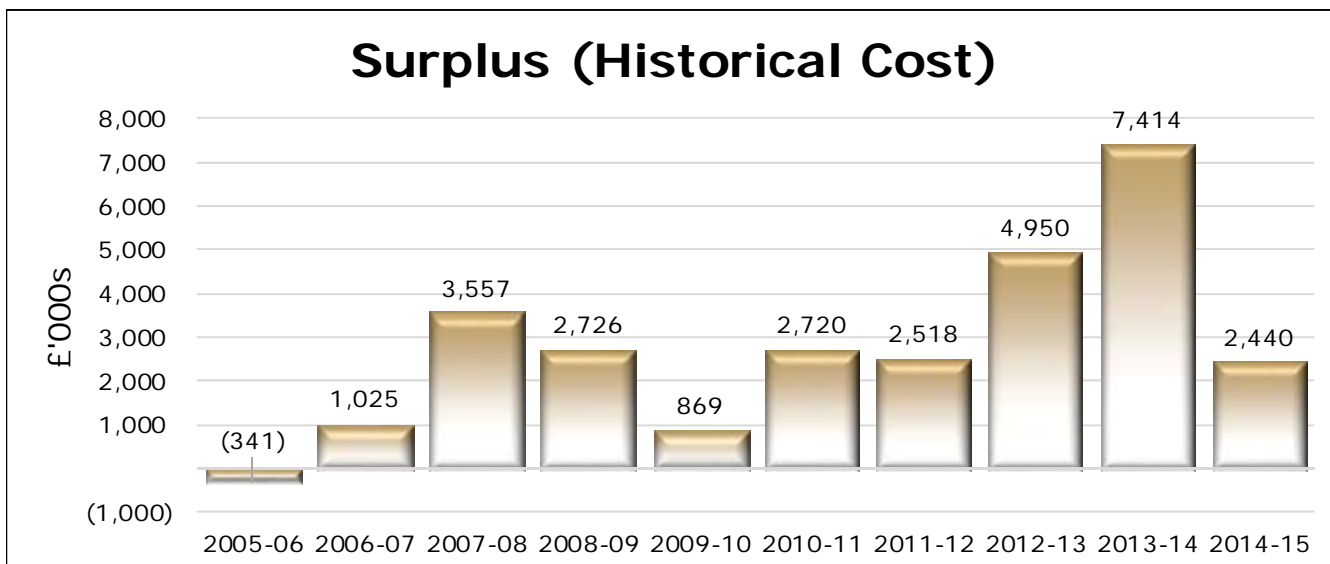
In addition to this, staff and students are encouraged to participate in community engagement activities such as public lectures, volunteering, and service on public committees (for example governing bodies of schools and further education colleges) which meet the Goldsmiths' strategic aims as well as 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 and attracts around 500 children and their families each year. In addition, local schools use College Green for their sports days, and the Great Hall for concerts and other events, benefiting many hundreds of local children and further cementing our links with the local community. We work closely with CEN8 an innovative charity on outreach with students mentoring and supporting secondary school students. Goldsmiths' Teachers' Centre works with school ambassadors to encourage closer links.

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 university 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 Goldsmiths' Consultancy



Policy). The Enterprise Office, which nurtures our links with business and social enterprises, and the Research Office work closely together under a unified management line. All research applications and consultancy tenders now go through the same office. This ensures 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.

Examples of research identified within the REF impact studies that we think exemplify positive impacts for the community are:

- Developing policies to counteract adverse psychological effects of hand-dryer noise on vulnerable people (Music)
- Informing national and international policies and practices on bullying (Psychology, Education)
- Development of therapeutic reading groups (ECL)
- Enhancing quality of life after brain injury (Psychology)
- Influence on press regulation (Media & Communications)

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

Ongoing investment in improving our physical environment and supporting environmental sustainability has continued this year. Within our Estates and Facilities Department, the Energy and Environmental Manager has a wide-ranging remit relating to making environmental improvements.

Progress was made on the RE:FIT energy conservation measures (underpinned by a financial guarantee of financial savings) which will allow us to reduce our carbon emissions across the campus.

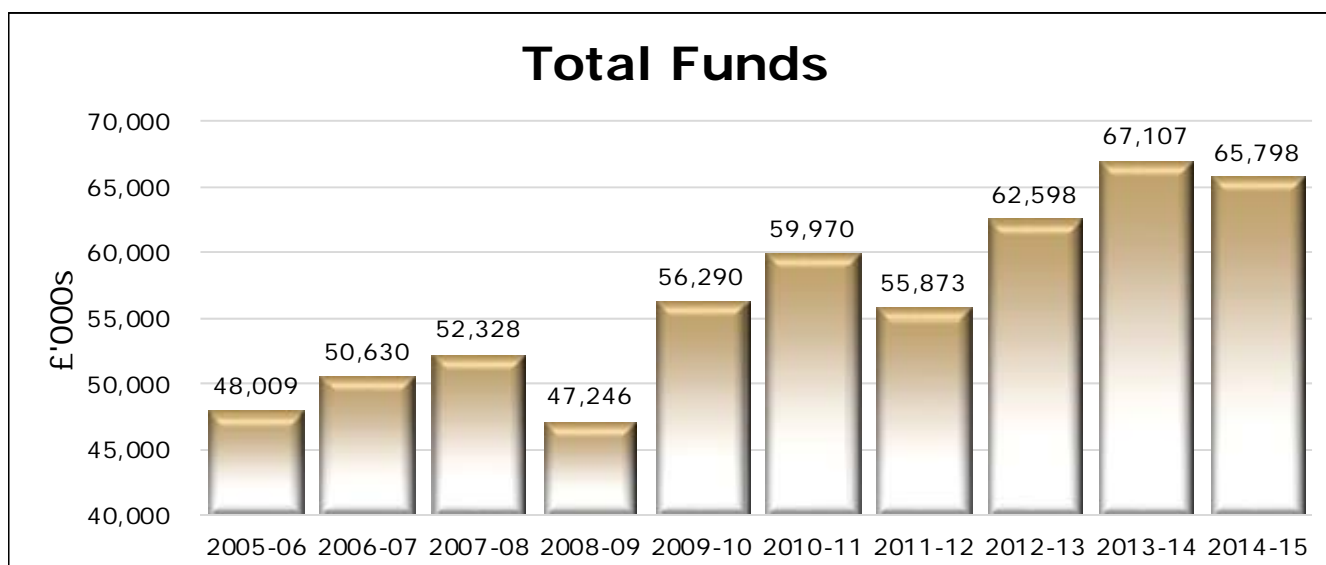
Ethical Investment

Goldsmiths views an ethical investment policy as an important part of our strategic planning. As part of its review of the Treasury Management Policy, Council approved in summer 2014 an updated Ethical Investment Policy which has been embedded into broader Treasury Management. The Policy precludes investment in companies whose activities are inconsistent with the objectives of its Charter. We will not invest in companies whose activities could be seen to endanger individuals, its community of stakeholders or other groups. We achieve this by placing our long-term investments for our endowment with CCLA, a fund manager specialising in supporting not for profit and public sector organisations. This is one way in which Goldsmiths helps to avoid any detriment or harm resulting from its activities.

Looking forward

Outlook

Goldsmiths' reputation across a range of creative, cultural, professional and technological disciplines remains strong and we are particularly encouraged by the ongoing strength of our recruitment of domestic and



international students. We continue to focus on providing both leading research and excellent teaching which is research-led, making Goldsmiths a highly rewarding place to study and work. Balanced with the commitment to continually enhance our students' experience is our undertaking to increase knowledge transfer and engagement with local, national and international communities; our approach retains the ambitions of innovation, creativity and intellectual rigour.

The establishment of the a Strategic Programme Board, supported by the Strategic Projects Office, has enabled us to join up different initiatives across Goldsmiths to ensure value for money and deliver improvements to many of our core systems, helping us to more proactively manage our strategic investments in the estate and our IT facilities. The Strategic Projects team is also now working with the Strategic Planning team to bolster extend the university's planning capacity and horizons.

We continue to build on pillars of the 2012 Strategic Plan, allowing Goldsmiths to respond to increased competition across the higher education sector, both in the UK and internationally, while further embedding our values in all aspects of our praxis. The strategy is also focused on expanding Goldsmiths academic portfolio and hence the size of its student body, to provide greater diversity, wider intellectual aspirations and more financial resilience. Council have approved the development of a Sustainable Goldsmiths programme to support our strategic objectives around growth and efficiency; as the current custodians of Goldsmiths - its value and values - we are responsible for sustaining the university into the future. We must be as bold, enterprising and effective as possible in all our endeavours to be both flexible amidst a myriad of external unknowns and to retain the ability to invest in the strategic advancement of Goldsmiths. The programme examines key aspects of university life and drives forward innovations which will maximise the likelihood of sustaining our university as a vibrant academic institution in the future.

Conclusion

2014-15 has been a year of investment in staff, facilities and estate to ensure sustained improvements in its overall academic and financial performance while maintaining the essential characteristics that make Goldsmiths a leading and highly distinctive UK higher education institution.

As ever we rely heavily upon the entire staff to realise its objectives, and I would like to take this opportunity to record my thanks to all our staff for their support and endeavours over the past year, to realise our shared objectives. Special thanks also due to our independent members of Council, whose advice, counsel and support have been invaluable through another year of change and improvement.

Patrick Loughrey
Warden



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 Goldsmiths (listed at the beginning of this report), are also the trustees of the exempt charity. Goldsmiths 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 the partnership with LASALLE College of the Arts, Singapore). Goldsmiths has no linked ("paragraph w") charities.

Goldsmiths' Students' Union is a registered charity, for which the university has supervisory responsibilities defined by Section 22 of the Education Act (1994). 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 of the university.

Responsibilities of Council

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

The Primary Responsibilities (reserved powers) of Council are currently as follows:

- to ensure high standards of corporate governance to include integrity, objectivity, openness and transparency;
- to ensure that an appropriate framework exists to manage the quality of learning and teaching and to maintain academic standards;
- to be generally responsible for the welfare of students and staff;
- to approve the Strategic Plan, and Key Performance Indicators to be used to monitor the performance of Goldsmiths as a whole;
- to monitor Goldsmiths' delivery against the Strategic Plan and Key Performance Indicators;
- 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 National Centre for Teaching and Leadership (NTCL) are similarly met;
- to ensure that Goldsmiths 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 Goldsmiths' signatories;
- to approve the Financial Statements and accompanying reports, including the Corporate Governance Statement;
- to approve the appointment of the university's bankers, and internal and external auditors;
- to approve policies and strategies designed to ensure good financial and risk management, and to monitor Goldsmiths' arrangements for risk management in ways which Council shall from time to time determine;
- to approve the Articles of Governance of Goldsmiths' Students' Union, the Memorandum of Understanding between Goldsmiths and the Union, and procedures designed to ensure that the university complies with its legal responsibilities in relation to the Union's conduct of its affairs
- to approve Goldsmiths' 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 be the employing authority for all staff in the institution, 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 university;
- to act as appropriate in relation to the role of Council as trustees, and to ensure that Goldsmiths complies with charity law, and with the requirements of HEFCE in its role as Principal Regulator;
- to agree proposed changes to the university's Statutes, Ordinances, General Regulations and Financial Regulations;
- to approve the establishment and termination of Goldsmiths' companies, or the institution's acquisition of a legal interest in a jointly-owned company (or voluntary termination of such interest), and to ensure that appropriate arrangements are in place to monitor Goldsmiths' existing interests in companies;
- to establish processes to evaluate the performance and effectiveness of Council itself.

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 university is subject, mean that Council is responsible for keeping proper accounting records, enabling the financial position of Goldsmiths 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 establishment of the Governance and Legal Services directorate within the Professional Services allows for more focused governance support to be provided. A broad effectiveness review of Goldsmiths' committees and governance structure, including terms of reference and membership of committees, is currently underway and is expected to be completed in 2014-15

Committees of Council and Academic Board

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.

Academic Board

Under the Charter of Goldsmiths, the Academic Board is "responsible for the academic work of Goldsmiths in teaching, examining and research". 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 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, Teaching and Enhancement Committee, and Research and Enterprise Committee. The Annual Reports of these committees are received by Council as well as Academic Board.

Finance and Resources Committee

The Committee, among other important functions, recommends the annual budget for approval by Council each Summer Term and 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.

Audit and Risk Committee

The Audit and Risk 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. Its primary responsibility is to provide Council with assurances and advice which enables Council to approve the Financial Statements, taking account of comments from the Finance and Resources Committee.

The Committee has particular responsibility to consider the Financial Statements before submission to Council. Audit and Risk Committee also ensures that suitable arrangements are in place to promote

economy, efficiency and effectiveness as well as keeping under review the effectiveness of risk management, control and governance arrangements.

Other Committees

Human Resources and Equalities Committee, Estates and Infrastructure Committee and External Relations 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 Goldsmiths' 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

Goldsmiths adopts the CUC Higher Education Code of Governance and considers it appropriate to apply each of the primary elements and the supporting 'must' statements. Exercises have recently been carried out internally and by an external consultant to measure compliance against the Code. An action plan to increase application of the Code has been prepared which the College will implement by 31 December 2015.

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 Council in Goldsmiths' 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 on-going 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 2015 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance.

The key elements of Goldsmiths' 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 Senior Management Team which receives regular updates to the Risk Register;
- regular reporting of the Risk Register to Audit and Risk Committee;
- consideration of major initiatives involving financial or reputational risk, whether academic or non-academic (e.g. 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 (e.g. 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); and
- reports on the outcomes of major external audits of academic quality.

There are no significant internal control issues to report for 2014-15 or up to November 2014, as defined by HEFCE guidance. In its Annual Report for 2014-15, Internal Audit could only provide limited assurance on aspects of Goldsmiths' Payroll and HR procedures and on student enrolment processes. Management have provided detailed responses to Internal Audit's reports on these areas with agreed actions to address the areas of limited assurance which are being implemented in 2015-16, some of the work being related to systems developments relating to the new HR and Payroll system. As with all internal audit recommendations, these will be monitored during the year by Senior Management Team and reported back to Audit Committee.

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

- receipt of Audit and Risk 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;
- oversight by Audit and Risk Committee of issues related to data quality;
- receipt of Annual Reports from its most senior committees;
- establishment of a Strategic Programme Board and the Strategic Projects Office to oversee programmes and projects that could potentially significantly impact on Goldsmiths as an institution; and
- 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 on-going review of the effectiveness of the system of internal control is informed by Internal Audit, 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 and Risk 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 Goldsmiths' system of internal control, with recommendations for improvement.

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 auditor in their management letter and other reports.

Baroness Morris of Yardley
Chair of Council

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 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 to 33. 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 charter and statutes of the university and the financial memorandum effective August 2013. 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 University'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of its surplus for the year then ended 2015; 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 Higher Education funding council for England and the National College for Teaching and Leadership grants, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2015 have been applied for the purposes for which they were received; and

- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council and the funding agreement with the National College for Teaching and Leadership; and
- the requirements of HEFCE's accounts direction have been met.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Deloitte, St Albans
November 2015

Income and Expenditure account

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Income			
Funding body grants	2	14,590	17,666
Tuition fees and education contracts	3	67,670	59,417
Research grants and contracts	4	5,686	5,941
Other operating income	5	15,836	13,785
Endowment and investment income	6	234	371
Total Income		104,016	97,181
Expenditure			
Staff costs	7	60,398	52,008
Other operating expenses	9	33,964	29,843
Depreciation of tangible fixed assets	12	6,163	6,486
Interest and other finance costs	10	1,836	2,220
Total Expenditure		102,361	90,558
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before taxation		1,655	6,623
Taxation	11	-	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		1,655	6,623
Transfer (to)/from accumulated income within specific endowments	20	10	-
Surplus for the year retained within general reserves		1,665	6,623

Note Of Historical Cost Surpluses And Deficits for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		1,655	6,623
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	785	792
Historical cost surplus for the period after taxation		2,440	7,415

None of Goldsmiths' major activities were acquired or discontinued during the above financial years.

The notes on pages 28 to 49 form part of the financial statements

Statement of Total Recognised Gains and Losses

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		1,655	6,623
Appreciation of endowment asset investments	20	62	26
New endowment funds	20	126	175
Release from revaluation reserve on disposal of fixed assets	22	(36)	(111)
Actuarial (loss) / gain recognised in pension scheme	31	(4,185)	(1,465)
Total recognised gains relating to the year		(2,378)	5,248
Reconciliation			
Opening reserves and endowments		41,428	36,180
Total recognised gains for the year		(2,378)	5,248
Closing reserves and endowments		39,050	41,428

The notes on pages 28 to 49 form part of the financial statements

Balance Sheet at 31 July 2015

	Note	2015 £'000	2014 £'000 Restated see Note 1
Fixed Assets			
Tangible assets	12	99,426	93,967
Investments	13	28	28
		99,454	93,995
Endowment Assets	14	2,900	2,723
Current Assets			
Debtors	15	9,251	8,969
Investments - cash deposits	13	5,002	5,187
Cash at bank and in hand	30	21,310	27,687
		35,562	41,842
Less: Creditors - amounts falling due within one year	16	(22,663)	(25,650)
Net current assets		12,900	16,193
Total assets less current liabilities		115,253	112,910
Less: Creditors - amounts falling due after more than one year	17	(23,531)	(24,977)
Less: Provisions for liabilities	18	(3,581)	(2,960)
Total net assets excluding pension liability		88,141	84,974
Net pension liability	31	(22,343)	(17,867)
Total Net Assets including Pension Liability		65,798	67,107
Represented by:			
Deferred capital grants	19	26,748	25,677
Endowments			
Expendable	20	605	524
Permanent	20	2,295	2,199
Total Endowments		2,900	2,723
Reserves			
Income and expenditure account excluding pension reserve		38,631	35,891
Pension reserve		(22,343)	(17,867)
Income and expenditure account including pension reserve	21	16,288	18,024
Revaluation reserve	22	19,862	20,683
		36,150	38,707
Total Funds		65,798	67,107

The financial statements on pages 24 to 49 were approved by the Council on 26 November 2015 and signed on its behalf by:

Baroness Morris of Yardley
Chair of Council

Patrick Loughrey
Warden

Cash Flow Statement

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000 Restated see Note 1
Net cash inflow from operating activities	26	3,338	11,662
Returns on investments and servicing of finance	27	(1,374)	(1,307)
Capital expenditure and financial investment	28	(7,122)	(10,877)
Management of liquid resources - movement in current asset investments	30	185	(187)
Financing	29	(1,310)	280
Change in cash in the period		<u>(6,283)</u>	<u>(429)</u>
Reconciliation of net cash flow to movement in net funds			
Change in cash in the period		(6,283)	(429)
Management of liquid resources - movement in current asset investments	30	(185)	187
(Increase) / reduction in loans	29	1,310	(280)
Change in net funds		<u>(5,158)</u>	<u>(522)</u>
Opening net funds at 1 August 2014		7,997	8,519
Closing net funds at 31 July 2015	30	<u>2,839</u>	<u>7,997</u>

The notes on pages 28 to 49 form part of the financial statements

Notes to the Financial Statements

1. Principal accounting policies

Scope of the financial statements

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

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

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 Operating and Financial Review 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 Goldsmiths does not control these activities. The university's subsidiary, Pure Goldsmiths Ltd., has not yet begun to trade and therefore is no impact on the Financial Statements.

Income recognition

Funding council block grants are accounted for in the year 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 or fee waiver, 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. They are also 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 institution 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 Goldsmiths receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the university where Goldsmiths 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 Goldsmiths, 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

Goldsmiths 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, Goldsmiths 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. Goldsmiths 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, Goldsmiths has applied HM Revenue and Customs 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. Goldsmiths 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 the short-term money markets 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 Goldsmiths which are of material value are capitalised at cost. Goldsmiths has no heritage assets on its balance sheet.

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 & Buildings		Other Assets	
	Per Annum		Per Annum
Freehold			
Land	0.0%	Library Stacks	10.0%
Buildings (Long term)	2.5%	Administrative computer systems	20.0%
Buildings (Long term refurbishments)	5.0%	Other plant and equipment	33.3%
Buildings (Short term refurbishments)	10.0%	Art works and artefacts	0.0%
Leasehold			
Assets held under finance lease	4.0%		

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 current asset investments held as readily disposable stores of value. They include government securities and loan stock held as part of Goldsmiths' treasury management activities. Short-term deposits are treated as liquid resources and classified as current asset investments provided that they are readily convertible into known amounts of cash at or close to their carrying amounts and that their maturity date is within 12 months of the year end.

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 Goldsmiths 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 Goldsmiths as a charity.

2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and Goldsmiths 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 Goldsmiths participates are the Universities Superannuation Scheme (USS) for academic and academic-related staff and the London Pensions 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.

Goldsmiths accounts for pension scheme costs in accordance with Financial Reporting Standard 17: Retirement Benefits (FRS17). 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).

Goldsmiths 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 FRS17 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 employer's pension contributions borne by the university are included in salary costs charged to the various heads of expenditure. Further details of the schemes are given in Note 30 to the Financial Statements.

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 institution 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.

Restatement of cash and cash deposits

A prior year reclassification of balances between cash and cash deposits has been made to reflect the fact that certain balances that are capable of being withdrawn without penalty in under 24 hours were previously classified as "Investments – cash deposits" when they should be treated as "Cash at bank and in hand".

This presentation change has no impact on surplus for the year nor on net assets, but it does impact the balance sheet presentation of cash as shown in (A.) below. It also impacts net cash flow for the year as shown in (B.) below, as movements in the reclassified balances are now treated as movements in net cash rather than cash flows arising from the management of liquid resources

(A.) Impact on balance sheet presentation of cash

	2014 as previously stated	Effect of Restatement	2014 as restated
Investments – cash deposits	17,299	(12,112)	5,187
Cash at bank and in hand	15,575	12,112	27,687

(B.) Impact on net cash flow

	2014 as previously stated	Effect of Restatement	2014 as restated
Management of liquid resources	(1,199)	1,012	(187)
Change in cash in the period	(1,441)	1,012	(429)

2. Funding body grants

	2015 £'000	2014 £'000
Recurrent grants		
Higher Education Funding Council for England	12,341	15,264
National College for Teaching and Leadership	-	-
Specific grants		
Higher Education Funding Council for England	795	930
National College for Teaching and Leadership	27	90
Deferred capital grants released in year		
Deferred Capital Grants (note 19)		
Buildings - HEFCE	1,415	1,369
Equipment - HEFCE	12	12
	14,590	17,666

3. Tuition fees and education contracts

	2015 £'000	2014 £'000
Home/EU undergraduates: full-time	36,900	28,860
Home/EU postgraduates: full-time	7,658	8,372
Home/EU students: part-time	2,724	2,420
International students	19,083	18,535
Non-credit bearing courses and other fees	1,261	1,208
Research Training Support Grants	44	22
	67,670	59,417

4. Research grants and contracts

	2015 £'000	2014 £'000
Research Councils	1,600	1,839
UK-based charities	446	530
Other grants and contracts	3,641	3,571
	5,686	5,941

5. Other operating income

	2015 £'000	2014 £'000
Residences, catering and conferences	9,904	9,132
Other services rendered	3,082	2,862
Profit on disposal of fixed assets (note 12)	802	-
Other income	2,048	1,792
	15,836	13,785

6. Endowment and investment income

	2015 £'000	2014 £'000
Income from expendable endowments (note 20)	3	39
Income from permanent endowments (note 20)	55	26
Other interest receivable	176	307
	234	371

7. Staff costs

	2015	2014
Teaching and research	559	536
Administrative and other	565	537
	1,124	1,073

	Underlying £'000	Exceptional £'000	2015 £'000	Underlying £'000	Exceptional £'000	2014 £'000
Salaries and wages	47,696	(676)	47,020	44,597	(5,182)	39,415
Social security costs	3,674		3,674	3,620		3,620
Occupational pension costs	7,524		7,524	6,789	1,681	8,470
Restructuring costs	112	2,068	2,180	503		503
	59,006	1,392	60,398	55,509	(3,501)	52,008
Academic departments	35,392	628	36,020	34,683	576	35,259
Academic services	3,948	271	4,219	3,627	349	3,976
Research grants and contracts	3,675	-	3,675	3,592	21	3,613
Residences, Catering and Conference Services	548	220	768	697	91	788
Premises	2,127	133	2,260	1,949	267	2,216
Administration	13,111	140	13,251	10,730	(4,805)	5,925
General education	205	-	205	231	-	231
Other Services Rendered	-	-	-	-	-	-
Other	-	-	-	-	-	-
	59,006	1,392	60,398	55,509	(3,501)	52,008

Underlying and exceptional items have been presented in the above table as additional information.

In 2014, exceptional items reflected:

(i) the release of a provision in respect of the Higher Education Role Analysis (HERA) grading assimilation exercise following completion of negotiations with trade unions. This resulted in a release of £5,182k; and

(ii) the requirement by one of our two main pension schemes, the London Pensions Fund Authority scheme to fund past service obligations which were not fully funded. This resulted in a one-off additional cost of £1,681k.

In 2015, exceptional items relate to:

(i) a formal voluntary severance scheme which resulted in costs of £2,068k being incurred. As at 31 July 2015, £1,500k of this amount was included in provisions for liabilities (see note 18); and

(ii) a further £676k release of the HERA assimilation provision.

8. Senior staff remuneration

2015
£'000

2014
£'000

The emoluments of the Warden's post were:

Remuneration	232	230
USS pension contributions (paid at the same rates as for other academic staff)	37	37
	269	267

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

	Number	Number
£100,000-£109,999	2	3
£110,000-£119,999	1	-
£120,000-£129,999	-	1
£140,000-£149,999	1	-

Note:

Remuneration disclosed excludes employer's NICS as well as employer's pension contributions (unless otherwise specified above).
It includes all allowances regularly paid.

9. Other operating expenses

2015
£'000

2014
£'000

Academic departments	3,651	4,251
Academic services	3,666	2,814
Research grants and contracts	1,055	1,210
Residences, catering and conferences	7,039	6,169
Premises	7,576	6,434
Administration and central services	10,842	8,910
Other expenses	135	56

Total

33,964

29,843

Other operating expenses include:

Fees paid to external auditors for audit of the financial statements	52	58
Fees paid to external auditors for other services	33	5
Internal auditors' remuneration re audit services	108	105
Operating leases (property)	639	629
Council expenses	3	2

10. Interest and other finance costs

	2015 £'000	2014 £'000
Loans not wholly repayable within five years	804	830
Finance leases	804	849
Net interest on LPFA pension scheme liabilities (note 31)	228	541
	1,836	2,220

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 Freehold	Assets held under finance leases	Fixtures Fittings & Equipment	Art Works	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value						
At 1 August 2013	125,118	13,431	13,505	23	4,115	156,192
Additions in year	5,629	643	303	-	5,092	11,667
Transfers	7,019	(1,429)	(2,107)	-	(3,483)	-
Disposals	(1,932)	-	(1,176)	-	-	(3,108)
At 31 July 2015	135,834	12,645	10,525	23	5,725	164,752
Depreciation						
At 1 August 2014	45,550	7,481	9,193	-	-	62,224
Charge for year	5,007	347	809	-	-	6,163
Transfers	157	55	(212)	-	-	-
Disposals	(1,886)	-	(1,176)	-	-	(3,062)
At 31 July 2015	48,828	7,883	8,614	-	-	65,325
Net Book Value						
At 1 August 2014	79,568	5,950	4,312	23	4,115	93,968
At 31 July 2015	87,006	4,762	1,911	23	5,725	99,427

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 Financial Statements). The historic cost of the properties valued in 1994 is £7.587m.

During 2014-15, in accordance with the Estates Master Plan, the College sold one property with a carrying net book value of £63k, realising a profit on sale of £794k, including the release from the Revaluation Reserve of £36k. This amount is included in the gain on disposals of £802k as per Note 5.

13. Investments

	2015 £'000	2014 £'000
(i) Fixed Asset Investments	<u>28</u>	<u>28</u>

Fixed asset investments are shown at cost and represent 240 £1 shares in i2 Media Ltd. and 27,782 ordinary shares, fully paid, in CVCP Properties plc. CVCP Properties plc is an unquoted company and the shares are stated at cost. In Council's opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

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

(ii) Current Asset Investments

Cash deposits maturing within one year	<u>5,002</u>	<u>5,187</u>
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14. Endowment asset investments

	2015 £'000	2014 £'000
Balance at 1 August 2014	2,723	2,521
Additions	94	176
Appreciation in market value	62	26
Investment income	21	-
Balance at 31 July 2015	<u>2,900</u>	<u>2,723</u>
Represented by:		
UK Equities	1,160	1,077
Cash balances	1,740	1,646
Total	<u>2,900</u>	<u>2,723</u>

15. Debtors

	2015 £'000	2014 £'000 Restated
Amounts falling due within one year		
Student debtors	2,148	3,111
Other debtors	1,819	1,573
Prepayments and accrued income	5,283	4,284
	<u>9,251</u>	<u>8,969</u>

Restatement : Included in the 2014 Prepayments and Accrued Income is £2,535k of research related accrued income that was included in Other Debtors in the 31/7/14 Financial Statements.

16. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000 Restated
Mortgages and unsecured loans	964	932
Obligations under finance leases	718	614
Trade creditors	807	1,677
Social security and other taxation payable	1,380	1,343
Accruals and deferred income	14,991	16,917
Other creditors	3,802	4,167
	22,663	25,650

Restatement :

- Included in the 2014 Accruals and Deferred Income is £2,712k of Deferred Income that was included in Trade Creditors in the 31/7/14 Financial Statements.
- Included in the 2014 Other Creditors is £4,167k of Other Creditors that was included in Trade Creditors in the 31/7/14 Financial Statements.

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

	2015 £'000	2014 £'000
Unsecured loans	16,044	16,985
Obligations under finance leases (note 23)	7,486	7,992
	23,531	24,977

The University has the following external debt:

- A 30 year loan for £6.85m from Lloyds Bank was taken out in December 2006 to fund the acquisition of the freeholds of Chesterman House and the Brindley Street Annexe of Surrey House. It is a fixed rate loan with an interest rate of 4.995%. As at 31 July 2015 £5.94m of the balance was outstanding of which £5.80m was due after one year.
- A further advance of £2.15m was made by Lloyds Bank in June 2009 to part finance the construction of the Professor Stuart Hall Building. The term of this loan is 28 years. The loan has a variable interest rate set at 0.2% above the base rate. As at 31 July 2015 £1.72m of the balance was outstanding of which £1.65m was due after one year.
- A 30 year loan from RBS of £10m was taken out in December 2009 to part finance the construction of the Professor Stuart Hall Building. £5m of this loan was drawn down during 2009-10 and a further £5m was drawn down during 2010-11. It is a fixed rate loan with an interest rate of 5.75%. As at 31 July 2015 £8.36m of the balance was outstanding of which £8.02m was due after one year.
- A £5m interest free loan from Salix Finance was drawn down in 2013-14 as part of the RE:FIT energy efficiency programme to fund capital works. This is repayable over five years. As at 31 July 2015 £0.96m of the balance was outstanding of which £0.57m was due after one year.

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

The finance lease relates to Loring Hall, one of the University's halls of residence.

18. Provisions for liabilities

	As at 1 August 2014 £'000	Movements in year			As at 31 July 2015 £'000
		Released	Added	Utilised	
Employment related	2,127	(1,154)	2,089	(523)	2,539
Other	833	(171)	675	(295)	1,042
	2,960	(1,325)	2,764	(818)	3,581

As at 31 July 2015, the provisions held principally reflect:

Employment related: Restructures

- Agreed payments in connection with the voluntary severance scheme conducted in June and July 2015, of which £1.5m remained in provisions as at 31 July 2015. We expect this provision to be fully utilised by March 2016.
- Costs associated with various departmental restructuring initiatives that are expected to be completed during 2016.

Employment related: HERA

- The cost of transferring hourly paid staff to fractional posts. Payments continue to be made against this provision, but as it may take some time to resolve all claims arising from the changes in grading and working hours, some ongoing provision is required. We expect this provision to be fully utilised by July 2016.

Other

- Other provisions relate to a number of individually immaterial liabilities including unfunded pension costs and appeals & complaints. The timeframe for utilisation varies by individual item.

19. Deferred capital grants

	Funding Council £'000	Other Grants £'000	Total £'000
Balance at 1 August 2014			
Buildings	25,603	62	25,665
Equipment	12	-	12
Total	25,615	62	25,677
Grants received			
Buildings	914	1,591	2,505
Equipment	-	-	-
Total	914	1,591	2,505
Released to Income and Expenditure Account			
Buildings	(1,415)	(7)	(1,422)
Equipment	(12)	-	(12)
Total	(1,427)	(7)	(1,434)
Balance at 31 July 2015			
Buildings	25,102	1,646	26,748
Equipment	-	-	-
Total	25,102	1,646	26,748
Released to Income and Expenditure Account:			
Funding body grants			1,427
Other income			7
Total			1,434

20. Endowments

	Restricted Expendable £'000	Restricted Permanent £'000	2015 Restricted Total £'000	2014 Restricted Total £'000
Balance at 1 August 2014				
Capital	282	1,979	2,261	2,257
Accumulated income	242	220	462	264
	524	2,199	2,723	2,521
Income for year	3	55	58	65
Expenditure	(48)	(21)	(69)	(63)
New funds	126	-	126	175
Increase/(Decrease) in market value of investments	-	62	62	26
Balance at 31 July 2015	605	2,295	2,900	2,723
Represented by:				
Capital	540	2,041	2,581	2,261
Accumulated income	65	254	319	462
Total	605	2,295	2,900	2,723

21. Income and expenditure account

	2015 £'000	2014 £'000
Balance at 1 August 2014	18,024	12,073
Release from revaluation reserve	785	792
Surplus after depreciation of assets at valuation and tax	1,665	6,623
Actuarial (loss) / gain on LPFA pension scheme	(4,185)	(1,465)
Balance at 31 July 2015	16,288	18,024

22. Revaluation reserve

	2015 £'000	2014 £'000
Land and buildings at 1 August 2014	20,683	21,586
Release relating to fixed asset disposals (note 12)	(36)	(111)
Contributions to depreciation (note 21)	(785)	(792)
As at 31 July 2015	19,862	20,683

23. Lease obligations

	2015 £'000	2014 £'000
Obligations under finance leases fall due as follows:		
Between two and five years	4,159	3,617
Over five years	3,328	4,374
Total over one year (note 17)	7,486	7,992
Within one year	718	614
Total	8,205	8,605
Operating lease commitments for the forthcoming financial year are as follows:		
Land and Buildings - leases expiring after 5 years	653	639
	653	639

24. Capital commitments and contingent liabilities

	2015 £'000	2014 £'000
Capital commitments contracted as at 31 July 2015	8,726	7,115
Capital expenditure authorised but not contracted as at 31 July 2015	4,579	3,995
	13,305	11,110

25. Post balance sheet events

On 21 September 2015, Goldsmiths granted a 50 year leasehold interest to Campus Living Villages Limited (CLV) over three of the University's halls of residence (Chesterman, Surrey House & Annex and Raymont). Under the arrangement, CLV will operate the residences for a 50 year period after which the properties will revert to Goldsmiths. All of the rooms transferred to CLV have been nominated by Goldsmiths for the first three years of the arrangement until August 2018. Thereafter, Goldsmiths will nominate rooms on a rolling annual basis. On 22 September 2015, Goldsmiths received a cash receipt of £20.3 million as consideration for the granting of the leasehold interest.

26. Reconciliation of operating surplus to net cash

	2015 £'000	2014 £'000
Surplus before tax on continuing activities	1,655	6,623
Impairment of fixed assets (demolition)	-	(19)
Pension costs less contributions payable	63	172
Depreciation (note 12)	6,163	6,486
(Gain) on disposal of fixed assets	(802)	-
Contribution to depreciation from capital grants (note 19)	(1,433)	(1,388)
Endowment and Investment income (note 6)	(234)	(371)
Loan interest paid (note 10)	1,836	2,220
(Increase)/decrease in debtors	(282)	(4,040)
Increase/(decrease) in creditors	(4,249)	7,431
(Decrease)/increase in provisions	621	(5,452)
Net cash inflow from operating activities	3,338	11,662

27. Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Income from endowments and specific funds (note 6)	58	65
Other interest receivable (note 6)	176	307
Interest paid (note 10)	(1,608)	(1,679)
	(1,374)	(1,307)

28. Capital expenditure and financial investments

	2015 £'000	2014 £'000
Payments to acquire tangible fixed assets (note 12)	(10,569)	(11,699)
Proceeds from sale of fixed assets	848	-
Deferred capital grants received (note 19)	2,505	646
Endowment and specific fund additions and income (note 14)	94	176
	(7,122)	(10,877)

29. Financing

	2015 £'000	2014 £'000
Loans facility drawdown	-	1,532
Existing loans capital repayments	(909)	(734)
Capital element of finance lease repayment	(401)	(518)
	(1,310)	280

30. Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	Reclass £'000	At 31 July 2015 £'000
Cash at bank and in hand				
Endowment cash assets	1,646	94		1,740
Cash deposits	27,687	(6,377)		21,310
	29,333	(6,283)	-	23,050
Current Asset Investments (note 13)	5,187	(185)	-	5,002
Debts due within one year	(1,546)	1,310	(1,446)	(1,682)
Debts due after more than one year	(24,977)	-	1,446	(23,531)
	7,997	(5,158)	-	2,839

31. Pension schemes

The two principal pension schemes for Goldsmiths' staff are the Universities Superannuation Scheme (USS) for academic and academic-related staff and the London Pensions Fund Authority (LPFA) Local Government Pension Scheme (LGPS) for all other staff. 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 company 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. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company 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 FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total costs charged to the profit and loss account are £5.5m (2014: £5.3m). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation is not yet finalised and is under consultation in order to agree a recovery plan which will include a reduction in future benefits and an increase in employer contributions. It is expected that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for the USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions

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

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables - No age rating
Female members' mortality	S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

London Pensions Fund Authority Local Government Pensions Scheme

The London Pensions Fund Authority (LPFA) administered Local Government Pensions 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 2013. In accordance with FRS17, the actuarial valuation at 31 March 2013 has been reviewed and updated by the scheme's actuaries as at 31 July 2014 based upon the annual financial assumptions shown below.

The assumed life expectations from age 65 are:

	Males	Females
Retiring today	21.5	24.9
Retiring in 20 years	23.8	27.2
	2015	2014
RPI increases	3.4%	3.4%
CPI increases	2.5%	2.6%
Salary increases	4.3%	4.4%
Pension increases	2.5%	2.6%
Discount rate	3.7%	4.2%

The employer's pension fund assets and expected rate of return as at 31 July 2015 are as follows:

	Expected rate of return:		Estimated Asset Allocation as at:		Fair value as at:	
	2015 % per annum	2014 % per annum	2015 %	2014 %	2015 £'000	2014 £'000
Equities	6.8%	6.7%	44.0%	44.0%	14,253	13,348
LDI/Cashflow matching	2.6%	3.4%	14.5%	6.0%	4,661	1,855
Target return portfolio	5.2%	6.1%	19.5%	29.0%	6,263	8,688
Alternative assets	n/a	n/a	n/a	n/a	-	-
Infrastructure	5.5%	6.3%	5.5%	3.0%	1,731	1,014
Commodities	5.2%	6.1%	0.5%	1.0%	145	323
Property	5.9%	5.6%	3.0%	3.0%	1,012	832
Cash	2.3%	3.2%	13.0%	14.0%	4,161	4,205
Total expected return (weighted average)	5.2%	5.8%	100%	100%	32,226	30,265

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

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Opening	(48,132)	(45,135)	30,265	29,446	(17,867)	(15,689)
Expected return on assets	-	-	1,770	1,592	1,770	1,592
Current service cost	(1,817)	(1,508)	-	-	(1,817)	(1,508)
Interest cost	(1,998)	(2,133)	-	-	(1,998)	(2,133)
Actuarial (loss) / gain	(3,748)	(333)	(437)	(1,132)	(4,185)	(1,465)
Contributions by employer	-	-	1,754	1,336	1,754	1,336
Contributions - unfunded benefits	-	-	-	25	-	25
Impact of settlements and curtailments	-	(25)	-	-	-	(25)
Estimated benefits paid	1,598	1,414	(1,623)	(1,439)	(25)	(25)
Contributions by members	(497)	(437)	497	437	-	-
Estimated unfunded benefits paid	25	25	-	-	25	25
Closing defined benefit obligation	(54,569)	(48,132)	32,226	30,265	(22,343)	(17,867)
		2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Amounts for Current and Previous Periods						
Defined benefit obligation (present value of scheme liabilities)		(54,569)	(48,132)	(45,135)	(42,990)	(37,603)
Fair value of scheme assets		32,226	30,265	29,446	24,623	24,962
Surplus/(deficit)		(22,343)	(17,867)	(15,689)	(18,367)	(12,641)

	2015 £'000	2014 £'000
Analysis of the amount charged to staff costs within the operating surplus		
Current service cost	1,817	1,508
Past service cost	-	-
Curtailments and settlements	-	25
Total operating charge	1,817	1,533

Analysis of the amount charged to interest payable

Expected return on pension scheme assets	1,770	1,592
Interest on pension scheme liabilities	(1,998)	(2,133)

Net charge

(228)	(541)
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Projected pension expenses for the year to 31 July 2016

	2016 £'000	2015 £'000
Service cost	2,029	1,536
Interest on pension scheme liabilities	1,999	2,033
Return on assets	(1,689)	(1,770)

Net charge

2,339	1,799
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Employer contributions

1,767	1,577
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2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
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Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

Cumulative actuarial gains/(losses) at 1 August 2014	(7,455)	(5,990)	(9,263)	(3,952)	(6,471)
Actuarial (losses)/gains recognised in STRGL	(4,185)	(1,465)	3,273	(5,311)	2,519

Cumulative actuarial (losses)/gains at 31 July 2015

(11,640)	(7,455)	(5,990)	(9,263)	(3,952)
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Goldsmiths' employer's contribution for non-academic staff in LPFA as a percentage of pensionable salaries was 19.8% until March 2014 and then 15.5% from April 2014 (as a result of capital contributions from 2014 onwards for past service liabilities as part of the LPFA recovery plan). The pension charge for the year to 31 July 2015 was £1,754k (2014:£1,361).

32. Related party transactions

Due to the nature of Goldsmiths' 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' Students' Union, which are disclosed below, there are no transactions of which Goldsmiths is aware but any such transactions that may arise would be conducted at arm's length and in accordance with Goldsmiths' Conflicts of Interest Policy.

Members of Council (who are trustees of the exempt charity) do not receive any remuneration. Expenses reimbursed to Council members totalled £3,000 (2013-14: £6,000) as disclosed in Note 9 above.

The President of Goldsmiths' Students' Union is a trustee of both Goldsmiths' College and Goldsmiths' Students' Union and therefore the two entities are related parties. In 2014-15 Goldsmiths provided the Students' Union with a grant and support totalling £0.8m (2013-14: £0.7m). It also provided postage and telephony services and some small items of equipment at cost. In addition, the university provides accommodation, payroll and pensions administration services and use of the IT network to the Students' Union free of charge, at an estimated cost in 2014-15 of £0.3m.

The College holds a 24% interest in i2 Media Limited a media research and consultancy organisation that is a spin out from the College's Department of Psychology. During the year, the college received £28.5k from i2 Media in respect of rental income and other fees. In addition, dividend of £5.8k was receivable from i2 Media during the year.

Goldsmiths has no linked ("paragraph w") charities.

33. Access Funds from Funding Bodies

	2015 £'000	2014 £'000
(a) Access to Learning Fund		
Balance at 1 August 2014	34	23
Grant received from HEFCE	36	168
Interest earned	-	-
Disbursed to students and administration	(36)	(157)
Balance at 31 July 2015	34	34
(b) NCTL Teacher Training Bursaries		
Balance at 1 August 2014	(45)	(19)
Grant received from NCTL	1,759	1,809
Disbursed to trainees	(1,759)	(1,835)
Balance at 31 July 2015	(45)	(45)
(c) NCTL Teacher Training Subject Knowledge Enhancement		
Balance at 1 August 2014	13	64
Grant received from NCTL	-	39
Grant clawed back	(13)	(89)
Disbursed to trainees	-	-
Balance at 31 July 2015	-	13

Funding body access grants are available solely for students, Goldsmiths acting only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

