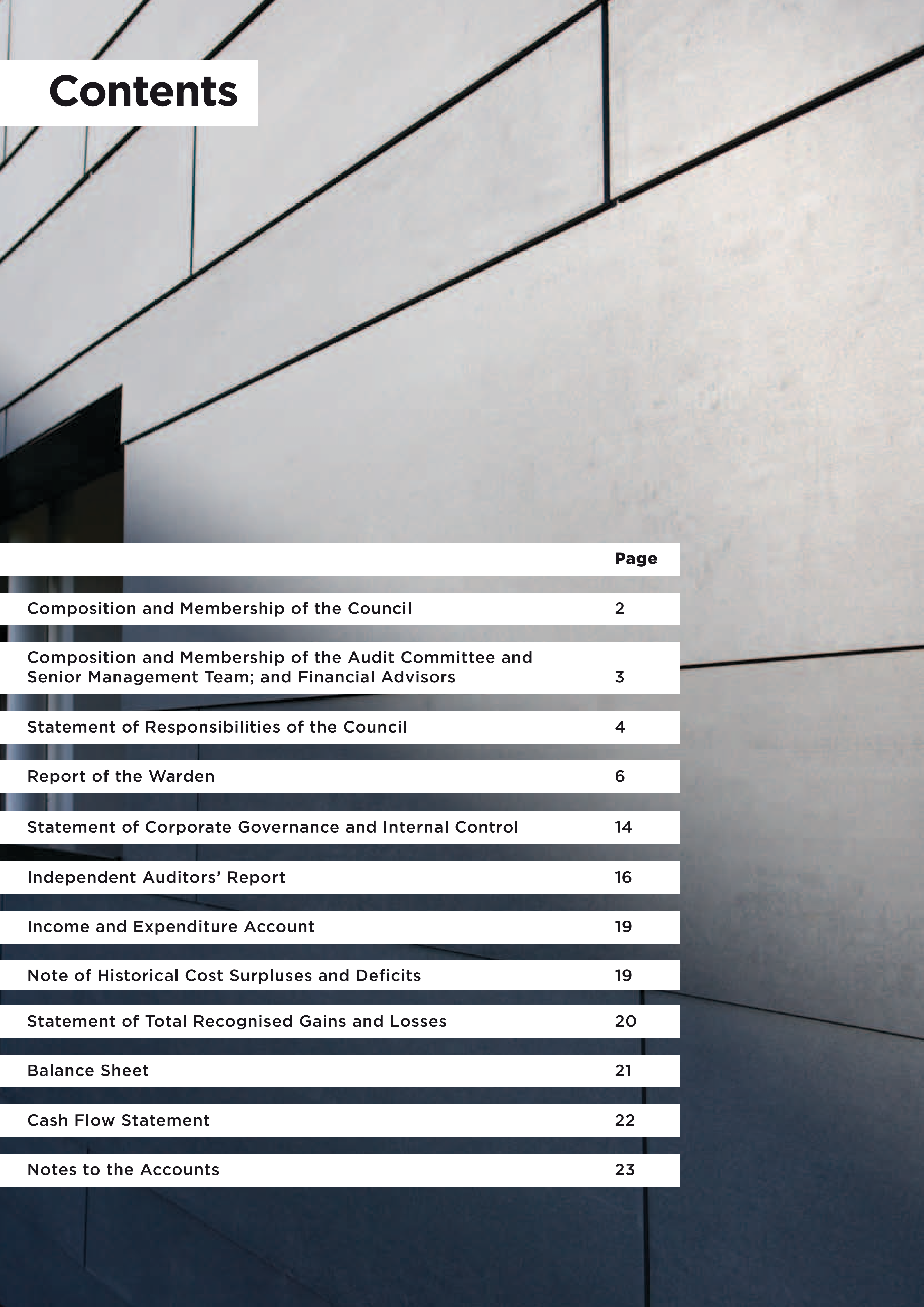
Goldsmiths
UNIVERSITY OF LONDON

Reports and Financial Statements

for the year ended 31 July 2009



Contents

Council, Audit Committee, Senior Management Team and Financial Advisors 2008-09

COMPOSITION AND MEMBERSHIP OF THE COUNCIL 2008-09

Chair	Mr Christopher Jonas
Ex officio members:	
• Warden:	Professor Geoffrey Crossick
• Deputy Warden:	Professor Simon McVeigh
• Pro-Wardens:	Dr Philip Broadhead Professor Jane Powell
• Clerk to the Goldsmiths' Company:	Mr Dick Melly
• President of the Students' Union.	Ms Jess Tratt
Elected members:	
• three members of the Academic Board:	Professor Alan Downie Dr Richard Grayson Professor Carrie Paechter
• one member of the Senior Academic Staff:	Dr Gareth Stanton
• one member of the Non-Academic Staff, by that staff in accordance with procedures prescribed by the Ordinances:	Mr Pádraig O'Connor
• one student [Union Chair]:	Mr Manoj Kerai
External appointed members:	
• 14 persons, not being members of staff or students who shall be representative of educational, economic, social, cultural, charitable, community and other interests relevant to the work of the College:	Mr Mark Baillache Mr Jack Barnes Dr David Barrett Dr Virginia Brooke Ms Althea Efunshile Lady Goodhart The Earl of Harrowby Mr Kenneth May Mrs Alyson McGarrigle Baroness Morris of Yardley Ms Mary Stacey Ms Colleen Toomey 2 vacancies
Additional member:	
• at the discretion of the Council, one further person who may or may not be a member of staff or a student:	vacancy

COMPOSITION AND MEMBERSHIP OF THE AUDIT COMMITTEE 2008-09

Chair: an independent member of Council appointed by Council:	Mr Jack Barnes
Three members of Council appointed by Council:	Dr Virginia Brooke Lady Goodhart vacancy
Two members appointed by Council:	The Earl of Harrowby (Spring and Summer terms only) vacancy
Up to two co-opted members:	2 vacancies
Secretary:	Miss Rosemary Harrison

COMPOSITION AND MEMBERSHIP OF THE SENIOR MANAGEMENT TEAM 2008-09

Chair: Warden:	Professor Geoffrey Crossick
Deputy Warden:	Professor Simon McVeigh
Pro-Wardens:	Dr Philip Broadhead Professor Jane Powell
Registrar and Secretary:	Mr Hugh Jones
Director of Finance:	Mr Barry Douglas to 30 November 2008 Mr Barry Benjamin (Interim Director) from 15 December 2008 to 24 May 2009 Ms Sally Townsend from 25 May 2009
Secretary: Administrator (Warden's Office):	Ms Reeva Charles

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
St Albans, UK

BANKERS

National Westminster Bank PLC
65 Peckham High Street
London SE15 5RZ

Statement of Responsibilities of the Council

In accordance with the Charter and related Statutes, Council is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year. Council is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College and enable it to ensure that the Financial Statements are prepared in accordance with the Charter and Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed with HEFCE, the Council, through its designated Office Holder [1], is required to prepare Financial Statements for each financial year which give a true and fair view of the College's state of affairs, and of the surplus or deficit and cash flows for that year.

In causing the Financial Statements to be prepared, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed;

and

- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Council has taken reasonable steps, including receipt of advice from its Finance and Resources Committee on the allocation of resources and general financial management, and from its Audit Committee which has a wide independent remit over its affairs, to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which that Funding Council may from time to time prescribe, and similarly with regard to funding agreements with the Teacher Development Agency (which is responsible for the funding of Initial Teacher Education) and the Learning Skills Council from which the College receives a small grant for further education provision;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial 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;
- regular reviews of key performance indicators and business risks and at least three times per year reviews of financial results involving variance reporting and updates of forecast out-turns;
- clear definitions of the responsibilities of, and the authority delegated to, Heads of Academic and Administrative Departments, Centres and Units;
- 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, approved by the Finance and Resources Committee and Council, supported by more detailed financial controls and procedures published by the Finance Department, and specialist policy documents (eg. Fraud Policy) approved by Council, Audit Committee or Finance and Resources Committee as appropriate;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by Council and whose Head provides the Audit Committee with a report on the internal audit activity within the College and an Opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

[1] In accordance with the Financial Memorandum, the College has to designate a principal Office Holder, acceptable to the Funding Council, who is required to:

- satisfy the College's Council that all conditions relating to the use of funds provided by the Funding Council are complied with;
- advise the College's Council if at any time any action or policy under consideration by it appears to the designated office holder to be incompatible with the terms of the Financial Memorandum.

The designated Office Holder is required to inform the Chief Officer of the Funding Council in writing should the College's Council decide nevertheless to proceed. The Warden of the College, Professor Geoffrey Crossick, is its designated Office Holder

Report of the Warden

INTRODUCTION

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

The College has one subsidiary company, Pure Goldsmiths Ltd, which did not trade in the financial year.

MISSION AND VALUES

Goldsmiths is a research-intensive institution with a distinctive academic profile, a commitment to the quality of the learning experience that we offer our students, and an influence that is both global and local.

Goldsmiths' Mission is to offer a transformative experience, generating knowledge and stimulating self-discovery through creative, radical and intellectually rigorous thinking and practice.

In pursuing this Mission, we are committed to a set of core values that include achieving academic excellence, embracing complexity, encouraging radical thinking, and creating change locally and globally.

The combined effect of our Mission and Values is an institution that produces high-quality research and research-led teaching that is very distinctive.

OPERATIONS

Goldsmiths is a unique institution with a global reputation for its innovative and challenging work in the creative and performing arts, humanities and social sciences. Notwithstanding our international reach today, we remain proud of our origins in 1891 as a Technical and Recreative Institute to educate the working class of South-East London, and our South London roots help shape our character today. As Sir Steve Bullock, Mayor of Lewisham, has said, "Goldsmiths is knitted into the fabric of Lewisham".

The success of our alumni in art is well documented – eg, the six winners of the Turner Prize who have studied here – but we make equally strong contributions to many other areas, for example, through our internationally-recognised Department of Media and Communications; our Department of Sociology whose research places it top in the UK; our Department of Professional and Community Education which is a UK leader in professional development and widening participation; and our Department of Computing whose striking work on the boundaries of computing and the creative and performing arts has excited the interest of business and cultural organisations alike.

The academic success of Goldsmiths stems from a unique philosophy which is creative, radical and intellectually rigorous, allied to a student body whose breadth and diversity helps nourish the creativity of the institution. The rise of Goldsmiths over the last twenty years to its current position as one of the country's leading research-intensive universities is remarkable. In the recent official assessment of research in all UK universities, Goldsmiths came ninth in the country for the proportion of its research that received the very highest four star grade of 'world-leading'. Our success however has brought with it consequences with which we struggle, above all an ageing campus that has failed to keep pace with Goldsmiths' exciting growth.

True to our heritage, we continue to offer opportunities to many to whom a university education would otherwise be inaccessible. Our location in a disadvantaged part of London enables us to help raise aspirations amongst talented young local people and provide them with the chance to study in the international environment of Goldsmiths.

Goldsmiths has consistently performed strongly against government targets for participation from under-represented groups and low-participation neighbourhoods. Currently 40% of our students come from households with incomes less than £25,000.

To achieve this diversity we offer foundation programmes leading to our Bachelor degrees; we work in partnership with local schools, colleges and the London Borough of Lewisham to raise aspirations; and we host the Open Book project, which works with those from offending and addiction backgrounds to encourage them to take up education, offering them ongoing emotional and practical support throughout their course. It has an outstanding record in placing ex-offenders in higher education: over 100 students are currently registered on the project, 47 of them at Goldsmiths.

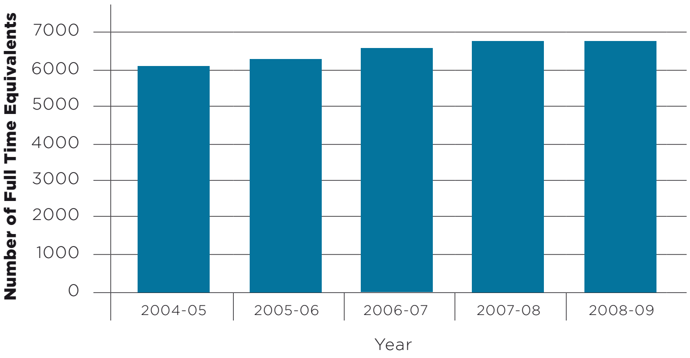
Staff and Students

Goldsmiths has around 4,500 full-time equivalent undergraduates and around 2,000 full-time equivalent postgraduates, 12% of them from outside the European Union. The College employs approximately 1,600 staff, including almost 600 professional academics – many of them leading researchers in their field – in addition to visiting tutors and support staff. It aims to be at the forefront of accredited staff development, and a range of opportunities is open to all staff. New academic staff take part in an in-house programme to develop teaching skills and enhance the learning experience.

Goldsmiths currently offers a broad range of undergraduate, postgraduate and continuing & professional development courses. These range from the arts and humanities including art, design, drama, history, English and comparative literatures, media and communications, music, visual cultures; the social and behavioural sciences – anthropology, politics, sociology and psychology; computing; and education, with interdisciplinary work across all areas. The unifying factors spanning this range of diverse subjects are a liberal and creative approach to teaching and learning, with the emphasis on freedom of thought and expression alongside high and rigorous standards, and a research-led teaching ethos. Above all, we aim to maximise the benefits that our relatively small size brings, creating a stimulating but supportive atmosphere, in which students know each other, and are known by their tutors.

We have experienced a steady growth in student numbers over the past as illustrated in the chart below:

Goldsmiths student FTE

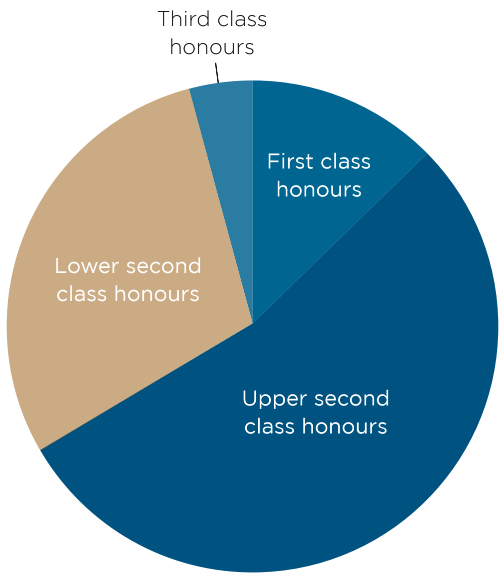


Over the five year period, we have seen student numbers increase by 12%.

Our graduation ceremonies are a unique blend of tradition, ceremony, informality and warm celebration. In 2008-09 around 1,200 students graduated at five ceremonies held in the Great Hall of the Richard Hoggart Building.

Overall academic performance is summarised in the following chart:

Undergraduate students successfully completing degree by classification 2008-09



We are keen to improve the student experience by working closely with the Students' Union and canvassing the views of students directly. During the year in question, students were given the opportunity to comment via the National Student Survey (NSS) and the International Student Barometer survey. The feedback from both surveys has had a direct influence on College decision-making and has led to the enhancement of the student support provided.

Student achievements

Student achievements include the following:

In the medals at the International Radio Festival

Ann Scantlebury (MA Radio 2007-2008) was awarded a Silver Medal at this year's International Radio Festival of New York for her final production radio drama – an original script which she directed and produced herself. Her 15 minute contemporary mystery achieved one of the highest awards given by the Festival. The awards are of a world professional standard and her work was ranked in the same field at the BBC, leading independents and other international broadcasters.

Glastonbury success

Laura Bettinson, 2009 Popular Music Studies graduate, performed at this year's Glastonbury Festival on the BBC Introducing Stage under her performing persona Dimbleby and Capper. Tipped by BBC Radio 1's Huw Stevens, she performed alongside Simon Wheeler (now going into his third year of Popular Music Studies at Goldsmiths) and fellow graduate Sam Beste.

Students bring the WI to campus

Goldsmiths students India Volkers and Kate Hutchins found themselves flung into the media limelight when they put plans in motion to establish a branch of the Women's Institute at Goldsmiths – the first branch at a university.

The story was covered in the Evening Standard, London Lite, the Metro, the Daily Mail and The Times, as well as the students featuring on ITV's GMTV and the BBC's One Show. India told the press: "I wanted to form a group where people could get together and do creative things."

Students design routers of the future

Design students were featured on multiple internet news sites and blogs after working with the country's largest home broadband provider, TalkTalk, to design a new generation of futuristic routers. They explored what the 'Routers of the Future' might look like and how they could take pride of place in our households.

TalkTalk asked Goldsmiths to consider four factors: signal strength, home style, energy efficiency and, finally, pure enjoyment. Mark Schmid from TalkTalk said: "Working with the design specialists at Goldsmiths, we wanted to transform the humble router into something that people would want to shout about. With the very first Routers of the Future collection, our vision of making the router an integral part of our customers' lifestyles and interiors comes to life."

Literary accolade

Tom McMullan (BA English) has won first place in the The Literary Encyclopedia's Emory Elliott Memorial Prize 2009. His winning essay was titled 'With reference to *The Outsider* by Albert Camus, discuss Jean-Francois Lyotard's definition of (post) modernist literature in relation to the question of the unpresentable'.

Goldsmiths/BAA Expo Award at Terminal 5

70 students from all levels and disciplines, in 28 teams, put ideas forward for innovative installations for Terminal 5, culminating in the commission of two artworks for Departures. Seven of these teams were invited to develop their concepts and presentations with support from BAA, Goldsmiths, world-leading design and communication agency Imagination, and cutting-edge art organization af2012. The project was shortlisted for a Times Higher Education Award.

RESEARCH

Goldsmiths is a member of the 1994 Group, comprising nineteen internationally-renowned, research-intensive universities, which was established to promote excellence in research and teaching, to enhance student and staff experience within the member universities, and to help set the agenda for higher education.

During 2008-09 the national Research Assessment Exercise (RAE) evaluated the quality of the research output of academic staff at all universities. The outcome is important both for our reputation and for the level of future HEFCE QR funding that we receive for research. Reflecting our status as a research-intensive university, a high proportion of our eligible academic staff were entered.

Goldsmiths continued the upwards trajectory observed over consecutive RAEs, moving from 40th to 33rd position nationally in terms of the most widely used global indicators; it came an impressive 9th in terms of the percentage of research judged to be of the highest 'world-leading' grade. Reflecting their improved performance, several departments saw increases in their QR funding though this was offset by reductions for others as a result largely of a relative decrease nationally in the proportion of total funding allocated to arts, humanities and social science subjects.

Recent grant successes include:

- In Design, a prestigious £1.7m Advanced Grant from the European Research Council to Professor Bill Gaver. The project, 'Third Wave Human Computer Interaction', integrates design-led research methods with embedded and ubiquitous technologies to create prototype products.

- In Drama, a £440K award from the Arts and Humanities Research Council (AHRC) to Professor Robert Gordon for a 3-year project, 'Beyond the Linear Narrative'. Based in the Pinter Centre, it investigates links between inter-cultural and political change and the emergence of non-linear and fractured narrative in contemporary art forms.

- In Visual Cultures, a £330K AHRC project called 'Performance Matters' led by Dr Gavin Butt. This brings together artists, curators and academics from Goldsmiths, Roehampton University, and the Live Art Development Agency to investigate the cultural value of performance.

- In Educational Studies, an award of £640K from the Economic and Social Research Council (ESRC) to Professor Eve Gregory, Head of the Centre for Language, Culture and Learning. This project, 'Becoming literate through faith' investigates how children learn language and literacy in different faith communities in London.

- In Professional and Community Education, an ESRC award of £340K to Professor Marjorie Mayo, Head of the Centre for Lifelong Learning and Community Engagement, to support her team's key partner role in the UK Research Cluster for Active Learning for Active Citizenship. This collaborative research programme aims to build research skills and capacity relating to active citizenship and community empowerment.

- In Psychology, an ESRC award of over £500K to Professor Jules Davidoff, Director of the Centre for Cognition, Computation and Culture, for a 3-year study of perceptual processing in the remote Himba tribe in Namibia.

ENTERPRISE AND KNOWLEDGE TRANSFER

During 2008-9 the Business Development Office has been adjusting to shifts in funding, as the Centres for Knowledge Exchange wind down, and we rely on HEIF formula funding and College support. Our HEIF allocation for 2009-10 will rise by 29% to £322,000 (building on the increase in 2007-08 of 66%), leaving Goldsmiths in a strong position to continue to develop enterprise and knowledge transfer activities, and we have carefully husbanded additional resources to allocate this year. We have strengthened staffing further to develop research collaborations, and have seen applications for Knowledge Transfer Partnerships rise as a result. In 2009-10 we will look to build on successes in this area, as well as in engagement with Research Councils and the Technology Strategy Board.

The College's subject mix, with its emphasis on the creative and performing arts, media, the humanities and social sciences means that our business engagement is currently geared towards small and medium-sized enterprise. We are nonetheless developing a framework for identifying and managing strategic partnerships with long-term collaborative research partners, regardless of size. We will increase the use of our Internal Investment Fund, to expand our collaborative and contract research activity. We continue to make use of pre-commercial funds and relationships with venture capitalists in the HEIF 4 period.

DEVELOPMENT ACTIVITY

During 2008-09, the Development and Alumni Office has made a number of important advances. Relationships with several potential major donors have been established and it is hoped that these will lead to significant support in the years to come. Plans have also been made for the College's first alumni telephone fundraising campaign in October 2009, while tenders were sought for the College's first relationship fundraising database and this is currently being implemented. Over time these and other initiatives will lead to sustainable fundraising income for the College. We welcome the government's match funding initiative which will provide additional incentives for those interested in supporting universities.

RISK MANAGEMENT

The College's risk management process aims to help Council Members and staff to consider risk, its probability and impact, and the controls in place for management and mitigation purposes in a consistent manner. Under the guidance of our internal auditors, the Kingston City Group, and our Planning Office we have overhauled and improved our risk management process, setting up a new Risk Management sub-committee which will have responsibility for embedding risk management processes within the College, developing risk policy; monitoring departmental risk registers and feeding these into the College's risk register as appropriate for overall review and consideration by SMT. The risk register will then be discussed at Audit Committee and also at Council, Goldsmiths' governing body.

Alongside this work to improve the process of risk management, we will be developing an enhanced reporting format which will be used across the College, together with training in risk management for those responsible in academic and support departments. This framework will provide a robust and comprehensive system of risk management, to enable Council to continue to fulfil its responsibilities to the Funding Council under the terms of the Financial Memorandum.

The following risks are currently ranked highest by Goldsmiths Senior Management Team.

Financial Sustainability

The current financial environment that the College is operating within, has a number of significant financial challenges which include likely reductions in public funding, the need to work towards and deliver sustainable surpluses, and the need to establish and effectively maintain the long-term capital programme. We need to have a financial position that enables us to invest, to maintain the quality of our work and to operate successfully in difficult times. Our financial strategy focuses on a number of key elements: increasing income and reducing overall and unit costs; improving the efficiency of our operation and developing a capital plan which enables us to invest in the estate without financially over-committing ourselves.

Pressure on Research Income

The overall reduction on funding for research coupled with the Government focus on STEM subjects (which disadvantages Goldsmiths because of our subject mix) has put pressure on our ability to generate research income. Research is a fundamental part of the College's mission, and we must therefore ensure that members of academic staff have time and resources to conduct research of the very highest quality. It is also a significant element of public income and reductions would have a significant impact on the College. We are taking action to mitigate the impact of changes in the research funding environment, by revising the resource allocation model to improve incentives to departments to gain external research funding (wherever possible on a full economic cost basis), and we will invest further when possible in Research Office capability.

Admissions

We need to ensure that we attract students of the quality and attributes to sustain and enhance the College's academic mission and profile, with a balance across departments and programmes and levels and that we also meet our admissions targets. The strategic re-organisation of the Registry creates a marketing department giving us a better strategic focus to attract and recruit good students. There is a continued focus on international student recruitment; marketing plans for each department's programmes are being developed and we continue with our review of programme portfolio.

Organisational delivery and support

As a relatively small institution, we must make the best of our resources. This means that we cannot afford to be inefficient or ineffective in how we support our academic activities. We are investing in information systems to ensure that we are able to operate smoothly and effectively, and to ensure that we have good and reliable management information. We have put in place better staff development support and are focusing on management and leadership within the College. We have significantly improved the organisation and quality of the support departments, but further strengthening is needed.

Learning and Teaching

The quality of students' learning is at the heart of the College's mission. We are determined to maintain it at a high level. Additionally, students' satisfaction with their time at Goldsmiths impacts on their willingness to rate the College highly and also on their propensity to recommend it to others. Both of these have significant reputational consequences. We are investing in support for academic practice and for the learning infrastructure, for example investing in the library (in terms of print, digital and online materials, as well as the physical learning environment).

Reputational Risk

Our reputation and brand are strong, and contribute to our ability to succeed. We need to ensure that we continue to develop external relationships which secure the College's position with a wider network of stakeholders, such as local government and community links; funding bodies; Government; cultural organisations; and potential donors. Senior staff, in particular, look to develop external contacts. We have an effective and proactive communications team who work hard to manage and develop our brand and to ensure that we tell a strong story.

FINANCIAL HIGHLIGHTS

Summary Outturn statement 2008-09

	2008-09 £'000	2007-08 £'000	Change %
Income	**75,149**	**71,862**	**4.6%**
Staff	47,083	42,735	10.2%
Non-staff	26,134	26,360	(0.9)%
Expenditure	**73,217**	**69,095**	**6.0%**
Operating surplus/(deficit)	**1,932**	**2,767**	**(30.2)%**
Historical cost surplus	**2,726**	**3,557**	**(23.4)%**

SURPLUS

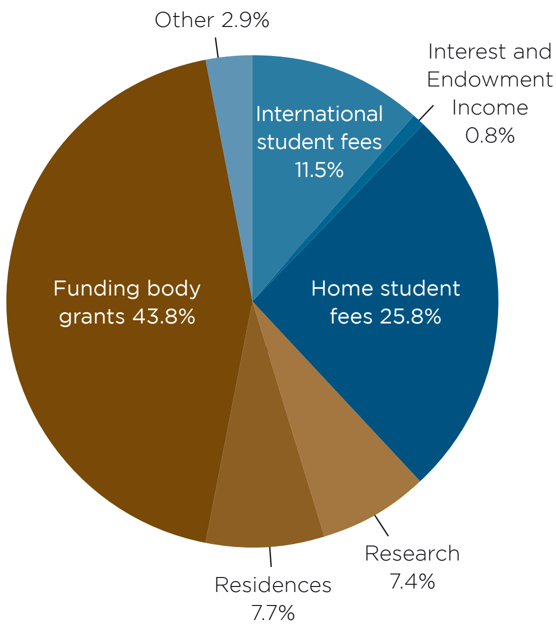
The historic cost surplus has remained strong at £2.7m (from £3.6m in 2007-08). This represents a welcome boost to our reserves particularly in the light of the likely future challenges. The surplus for 2008-09 confirms the improved performance and the delivery of our financial objectives, as noted in the 2007-08 accounts. Goldsmiths aims to achieve surpluses of at least 3% of turnover per annum. Goldsmiths will reinvest these surpluses in its infrastructure in order to continually improve the facilities for its students, staff and visitors to the campus.

INCOME

Income in 2008-09 has increased by £3.3m [4.6%] over 2007-08.

Goldsmiths income is made up as follows:

Income 2008-09

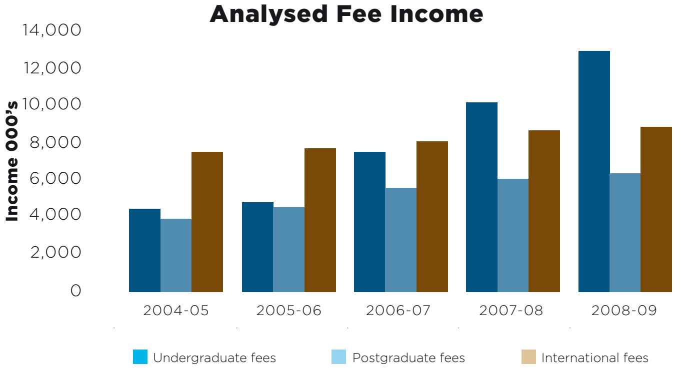


FUNDING COUNCIL GRANTS

Goldsmiths receives grants from the Higher Education Funding Council for England (HEFCE), the Teacher Development Agency (TDA) and the Learning and Skills Council. However, HEFCE grants account for over 85% of the total funding council grants. The HEFCE grant for research accounts for over one third of the total mainstream grant reflecting the College's research-intensive character. Overall, funding council grants rose by 2.8% compared to 2007-08.

TUITION FEES

Analysed Fee Income



Total tuition fee income growth over the past five years:

YEAR	2004-05	2005-06	2006-07	2007-08	2008-09
£'000	15,484	16,523	20,932	24,597	27,878
% increase on previous year	1%	7%	27%	18%	13%

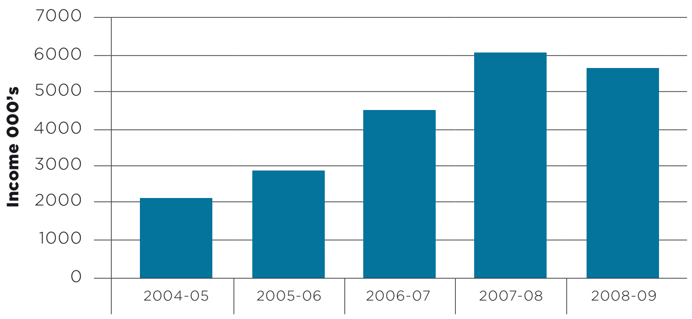
Tuition fees have risen by 13% against the previous year to £27.9m in 2008-09. 95% of the growth in overall fee income is accounted for by the increase in full-time home and EU fee income which is partially explained by the third year of the variable fee regime.

RESEARCH

In the past, partly as a consequence of its subject mix, Goldsmiths' income from research grants and contracts has been a relatively low proportion of overall turnover. However, following the launch of a new strategy and a decision by the Senior Management Team in 2004-05 to place a greater emphasis on securing additional grant income, Goldsmiths has generated significant increases in research income. 2008-09 has shown a drop of research income of 8%. This drop has resulted from very challenging conditions whereby funding for science, technology and engineering, mathematics and medicine have been prioritised. This has effectively reduced funding available for arts and humanities institutions such as Goldsmiths.

Details of our performance over the last 5 years are in the chart below.

Research Income - 5 Years to 31.7.2009



The growth of research grant and contract income has been part of a strategy to diversify our income streams and reduce Goldsmiths' reliance on funding from HEFCE. The introduction of funding based on the principles of 'full Economic Costing' (fEC) has immediately improved the funding available from research council and government grants, and has enabled us better to cost our other grants and contracts; it is likely to have a positive influence more generally in the longer term. The receipt of fEC grants has contributed, and will continue to contribute, to improvements in the College's long-term financial sustainability.

OTHER OPERATING INCOME

Other operating income remained broadly constant at £8m. Income from our Residences, Catering and Conferences operations rose by around 5% taking the total to £5.7m. 'Other income' decreased by £222k resulting in a total of £1.4m.

INVESTMENT INCOME INCLUDING ENDOWMENTS

Cash balances have remained healthy all year. However, lower interest rates have resulted in a decrease in earnings of 40% to £564k.

EXPENDITURE

Staff costs

Goldsmiths' long-term success is very dependent on its ability to maintain its investment in the excellent staff required to deliver, and to support the delivery of, high-quality teaching and research.

During 2008-09 staff costs rose by 10.2% to £47.1m and accounted for 64% of expenditure. It should be noted that an element of this significant increase (compared to inflation) resulted from the re-grading of posts under the Higher Education Role Analysis (HERA).

Other Operating Expenditure

Other operating expenditure fell by almost 4.3%. This has resulted from continued focus on generating efficiencies in non-pay costs and also because of the reduction in expenditure on research grants and contracts. The relatively low level of increase in non-pay expenditure has contributed to the maintenance of the College's levels of surplus.

BALANCE SHEET

Capital expenditure

Goldsmiths invested £7.2m in buildings and equipment assets during 2008-09. The most significant item of capital expenditure is the new cutting-edge building which is being constructed to house the Department of Media and Communications and the Institute for Creative and Cultural Entrepreneurship at Goldsmiths. This project, known as the New Academic Building will also provide much needed facilities for the whole College and a prestigious venue for major events and will release space for other departments to expand. The overall cost of the New Academic Building is budgeted at just over £20m. Site set up is estimated to finish in summer 2010 to ensure that the building is ready for the start of the new academic year.

The new building will be situated at the top of the College Green, replacing previous temporary accommodation. As the new centre for the Department of Media and Communications and the Institute for Creative and Cultural Entrepreneurship it will allow different sections of the department, currently scattered across the campus, to centralise into a single purpose-built space. The new building will also house a large lecture theatre, meeting spaces and a café with outside seating.

Endowments

Goldsmiths endowments are invested in bonds and in a pooled equity fund to earn income to contribute to academic posts etc. and to enable the capital value of the fund to grow over time. In 2008-09 however, due to poor stock market performance the fund had a negative return of £13k over the year.

Pensions

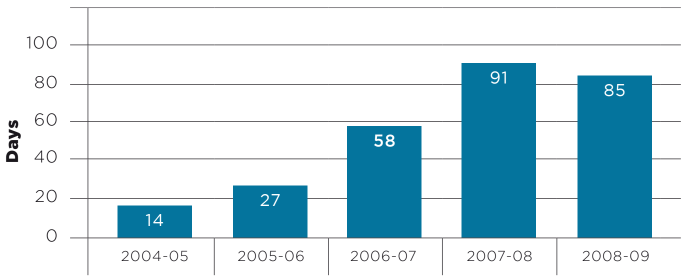
A significant aspect of the Financial Statements is a £6.4m increase in the FRS 17 (Retirement Benefits) pension deficit of the London Pension Fund Authority (LPFA) pension scheme of which the University's administrative and support staff are members. This increased deficit arises from negative investment returns for the year (consistent with the under-performing equity markets) while the schemes liabilities relating to Goldsmiths increased by 20%. The latter reflects an increase in the present value of the scheme's liabilities as a result of a lower discount rate. The deterioration in the pension deficit contributes to a decrease in net assets (after the pension liability) with net assets at 31 July 2009 of £47.2m (2008: £52.3m). It can also be seen that the income and expenditure reserve shows a deficit at 31 July 2009 after the pension reserve is included of £0.6m (2008: £2.9m surplus). However, net assets remain strong overall.

Cash

After a low point in 2004-05, Goldsmiths' cash balances have remained healthy. Net cash inflows from operating activities remained strong in the year at £7.2m (2008: £6.9m) and net debt increased to £2.1m (2008: £1.8m). External borrowings of £8.8m are 12% of income (2007-08 £8.4m, 12% of income). We are currently finalising a loan of £10m to part finance the construction of the New Academic Building, alongside the funding provided by HEFCE.

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

Cash & short-term investments/ Total expenditure (days)



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

OUTLOOK

Goldsmiths will continue to provide research, research-led teaching, knowledge transfer and engagement with the local, national and international communities. It will be innovative and creative in its approach. In common with other universities, however, we are operating in an increasingly difficult and challenging environment. Indications are that there will be pressure on funding for all public organisations and the higher education sector is modelling the impact of varying levels of HEFCE cuts.

Expenditure has also been subject to upward pressure, as nationally-negotiated pay increases have in the past three years increased salary rates by well ahead of general inflation. The rising costs of pensions and high inflationary increases to non-pay items such as energy also put pressure on overall finances. Additionally the changes in government policy towards funding for students with equivalent or lower level qualifications, has increased the strain on our finances.

We are currently revising our strategies in the context of increasing pressure on public funding. We are continuing our drive to increase net income while maintaining control on expenditure, generating necessary efficiency savings. We have also undertaken a number of changes to our administrative and operational structures to enable cost reductions to be realised. We remain confident that the strategic and operational measures that we are taking will ensure that we can respond to the challenges and generate the surpluses necessary for Goldsmiths' future sustainability and success.

The Council has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

CONCLUSION

Goldsmiths aims to grow its activities over the medium-term. The Senior Management Team, guided by the Strategy for Goldsmiths and the Financial Strategy, will continue to invest in its staff and facilities to ensure improved overall financial and academic performance in the medium-term whilst maintaining the essential characteristics that make Goldsmiths a leading and very distinctive UK higher education institution.

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

Professor Geoffrey Crossick
Warden

Statement of Corporate Governance and Internal Control

Council, the Governing Body of the College, has responsibility for maintaining a sound system of internal control that supports the achievement of its strategic aims, whilst safeguarding the public and other funds and assets for which it is responsible. It does this in accordance with the responsibilities assigned to the Governing Body in the College's Statutes and the Financial Memorandum with HEFCE, and taking into account good practice guidance published for universities and for the public sector generally. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic aims; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2009 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance. Council has responsibility for reviewing the effectiveness of the system of internal control and has established the following processes:

- Meetings at least three times per year to consider the plans and strategic direction of the institution;[2]
- the receipt of Audit Committee Minutes, detailing the Committee's oversight of internal control procedures, including receipt of regular reports from the Head of Internal Audit;
- the receipt of reports from managers concerning progress on key projects, including risk management;
- continuing initiatives to develop a more robust approach to the management of risk, most recently through the Effectiveness Review of Council 2008-09, to be followed up by a new structure of risk management arrangements in 2009-10;
- oversight by Audit Committee of issues related to data quality;
- a system of key performance indicators regularly reviewed by Council;

and

- a Conflicts of Interests Policy which deals with the declaration and handling of all types of conflict, and a published register of interests.

On the recommendation of the External Auditors, Audit Committee and Council revised the Conflicts of Interests Policy with effect from 1 September 2009, to ensure a sufficiently rigorous approach to related party transactions.

Council's ongoing review of the effectiveness of the system of internal control is informed by the internal audit unit, which operates to standards defined in the HEFCE Audit Code of Practice and which has been reviewed for effectiveness by the HEFCE Audit Service. The internal auditors submit regular reports which include the Head of Internal Audit's independent Opinion on the adequacy and effectiveness of the College's system of internal control, with recommendations for improvement. It should be noted that these reports are informed by the knowledge and expertise the internal auditors gain from their work in other institutions.

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

Council conducts quinquennial reviews of its own effectiveness and completed such a review during 2008-09, taking into account both internal priorities and recognised sectoral good practice guidelines. The review identified a number of areas for minor enhancement in the conduct of business, but no major defects. It gave particular attention to reviewing the College's compliance with the CUC Code of Practice on Governance. More specific areas of governance identified for future detailed review were the Statement of Primary Responsibilities, key performance indicators, stakeholder management, risk management, and the effectiveness of the relationship between Council and Academic Board. In addition, in the light of the Effectiveness Review Council modified its previous position (December 2006) concerning the CUC recommendation for four meetings per year: Council has now agreed that a fourth meeting should be held in those years where the business of the College gives a clear rationale for this, and the first such meeting was held in October 2009.

[2] During its December 2006 review of compliance with CUC Code of Practice, Council gave explicit consideration to the CUC Code recommendation (clause 4) to hold four meetings a year. It concluded that in the light of the size and overall pattern of business of the College, the current convention of holding three meetings a year was normally sufficient. However, one of the outcomes of the 2008-09 Effectiveness Review of Council was the decision that additional meetings of Council (including during 2009-10) should be held as necessary to discuss particular strategic issues outside the schedule of routine business

Independent auditors' report to the Council of Goldsmiths, University of London

We have audited the Financial Statements of Goldsmiths, University of London (the "College") for the year ended 31 July 2009 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Surpluses and Deficits, the College Balance Sheet, the Cash Flow Statement and the related notes 1 to 38. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the College, as a body, in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

The Council's responsibilities for the preparing the Annual Report and the Financial Statements in accordance with the College's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Council's responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council.

We also report if, in our opinion, the information given in the Council's report is not consistent with the Financial Statements, if the College has not kept adequate accounting records, the accounting records do not agree with the Financial Statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Council's Report, including the Corporate Governance Statement and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any further information outside the Annual Report.

We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the College's corporate governance procedures or its risk and control procedures.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion:

(a) the Financial Statements give a true and fair view of the state of affairs of the College as at 31 July 2009 and of the surplus of the College for the year then ended;

(b) the Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions;

(c) in all material respects income from Higher Education Funding Council for England, the Training and Development Agency for Schools, the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received;

and

(d) in all material respects income has been applied in accordance with the College's statutes and, where appropriate, with the Financial Memorandum, dated June 2008 with the Higher Education Funding Council for England, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

Deloitte LLP
Chartered Accountants and Statutory Auditors
St Albans, UK

Income and Expenditure Account

for the year ended 31 July 2009

	Note	2009 £'000	2008 £'000
INCOME			
Funding body grants	2	32,906	32,024
Tuition fees and support grants	3	28,040	24,708
Research grants and contracts	4	5,582	6,039
Other operating income	5	7,987	8,073
Endowment and investment income	6	634	1,018
Total Income		**75,149**	**71,862**
EXPENDITURE			
Staff costs	7	47,083	42,735
Other operating expenses	9	20,318	20,907
Depreciation of tangible fixed assets	12	3,952	3,919
Interest and other finance costs	10	1,864	1,534
Total Expenditure		**73,217**	**69,095**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before taxation		**1,932**	**2,767**
Taxation	11	-	-
Surplus after depreciation of tangible fixed assets at valuation and taxation		**1,932**	**2,767**
Transfer (to)/from accumulated income within specific endowments		(12)	4
Surplus for the year retained within general reserves		**1,920**	**2,771**

Note of Historical Cost Surpluses and Deficits

for the year ended 31 July 2009

	Note	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		**1,932**	**2,767**
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	794	790
Historical cost surplus for the period after taxation		**2,726**	**3,557**

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

Statement of Total Recognised Gains and Losses
for the year ended 31 July 2009

	Note	2009	2008
		£'000	£'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax		1,932	2,767
Depreciation of endowment asset investment	20	(13)	(46)
New endowment fund	20	188	483
Actuarial loss recognised in pension scheme	31	(6,202)	(1,981)
Total recognised (losses)/gains relating to the year		**(4,095)**	**1,223**
Reconciliation			
Opening reserves and endowments		30,309	29,086
Total recognised (losses)/gains for the year		(4,095)	1,223
Closing reserves and endowments		**26,214**	**30,309**

Balance Sheet
as at 31 July 2009

	Note	2009 £'000	2008 £'000
Fixed Assets			
Tangible assets	12	75,003	71,797
Investments	13	28	28
		75,031	**71,825**
Endowment Assets	14	**1,978**	**1,791**
Current Assets			
Stock		34	36
Debtors	15	4,430	5,191
Investments		-	8,467
Cash at bank and in hand		15,993	7,760
		20,457	**21,454**
Less: Creditors - amounts falling due within one year	16	(14,900)	(14,623)
Net current assets		**5,557**	**6,831**
Total assets less current liabilities		**82,566**	**80,447**
Less: Creditors - amounts falling due after more than one year	17	(18,835)	(18,695)
Less: Provisions for liabilities	18	(1,381)	(699)
Total net assets excluding pension liability		**62,350**	**61,053**
Net pension liability	31	(15,104)	(8,725)
TOTAL NET ASSETS INCLUDING PENSION LIABILITY		**47,246**	**52,328**
Represented by:			
Deferred capital grants	19	**21,032**	**22,020**
Endowments			
Expendable	20	230	72
Permanent	20	1,748	1,719
		1,978	**1,791**
Reserves			
Income and Expenditure Account excluding pension reserve		14,522	11,631
Pension reserve		(15,104)	(8,725)
Income and Expenditure Account including pension reserve	21	**(582)**	**2,906**
Revaluation reserve	22	24,818	25,611
		24,236	**28,517**
TOTAL FUNDS		**47,246**	**52,328**

Signed and approved on behalf of Council by:

Mr Mark Baillache
Chair of Finance and Resources Committee

Professor Geoffrey Crossick
Warden

Date:

Cash Flow Statement
for the year ended 31 July 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	25	7,154	6,901
Returns on investments and servicing of finance	26	(754)	(493)
Capital expenditure and financial investment	27	(6,646)	941
Management of liquid resources	28	8,467	(2,357)
Financing	29	211	(274)
Increase in cash in the period		**8,432**	**4,718**
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		8,432	4,718
(Decrease)/Increase in liquid resources		(8,467)	2,357
(Increase)/Decrease in loans		(211)	274
Change in net debt		**(246)**	**7,349**
Opening net debt at 1 August		(1,874)	(9,223)
Closing net debt at 31 July		**(2,120)**	**(1,874)**

Notes to the Accounts
for the year ended 31 July 2009

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

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

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

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

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

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer 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 ie the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

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

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

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

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

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

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

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

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.

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

Land and Buildings	Per Annum	Fixtures, Fittings and Equipment	Per Annum
Freehold			
Land	NIL	Library stacks	10%
Buildings (long-term)	2.5%	Administrative computer systems	20%
Buildings (short-term refurbishments)	10%	Other plant and equipment	33.33%
Buildings (long-term refurbishments)	5%		
Leasehold			
Asset held under finance lease	4%		

Works of art and other valuable artefacts are not capitalised because they are not of material value. The College has no heritage assets.

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

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

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

CASH FLOWS AND LIQUID RESOURCES

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

FOREIGN CURRENCY TRANSLATIONS

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

ACCOUNTING FOR CHARITABLE DONATIONS

Unrestricted donations

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

Endowment funds

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

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

PENSIONS

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

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

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

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

The annual employers' pension contributions borne by the College are included in salary costs charged to the various heads of expenditure. Further details of the schemes are given in Note 31 to the Accounts. Costs relating to premature retirement, restructuring and unfunded pensions are treated as additional salary costs.

PROVISIONS

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

	2009 £'000	2008 £'000
2. FUNDING BODY GRANTS		
Recurrent grants		
Higher Education Funding Council	26,695	25,339
Teacher Development Agency	3,362	3,405
Learning and Skills Council	198	280
Specific grants		
Higher Education Funding Council	1,157	952
Teacher Development Agency	194	512
Learning and Skills Council	-	2
Deferred capital grants released in year		
Buildings (note 19)	1,010	1,046
Equipment (note 19)	290	488
	32,906	**32,024**

3. TUITION FEES AND SUPPORT GRANTS

	2009 £'000	2008 £'000
Full-time Home and EU student fees	16,969	13,897
International student fees	8,714	8,518
Part-time student fees	1,846	1,819
Short course fees	349	363
Research training support grants	162	111
	28,040	**24,708**

Fees funded through the United States Family Education Loan Programme amounted to £821k and represented 3.21% of total full-time fees.

4. RESEARCH GRANTS AND CONTRACTS

	2009 £'000	2008 £'000
Research Councils	2,643	2,771
UK-based charities	785	1,511
Other grants and contracts	2,154	1,757
	5,582	**6,039**

Notes to the Accounts
for the year ended 31 July 2009

	2009	2008
	£'000	£'000
5. OTHER OPERATING INCOME		
Residences, Catering and Conferences	5,787	5,527
Other services rendered	802	926
Other income	1,398	1,620
	7,987	**8,073**

	2009	2008
6. ENDOWMENT AND INVESTMENT INCOME		
Income from expendable endowments (note 20)	11	1
Income from permanent endowments (note 20)	59	70
Other interest receivable	564	947
	634	**1,018**

7. STAFF COSTS

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

	2009	2008
	Number	Number
Teaching and research	454	456
Administrative	353	362
Other	117	123
	924	**941**
	£'000	£'000
Salaries and wages	38,334	34,801
Social security costs	3,447	2,962
Other pension costs (note 31)	4,768	4,376
Restructuring costs	534	596
	47,083	**42,735**
Academic departments	28,495	25,124
Academic services	2,924	2,854
Research grants and contracts	2,990	3,077
Residences, Catering and Conferences	688	681
Premises	2,454	2,281
Administration	8,085	6,846
General educational	699	688
Other services rendered	527	458
Other	221	726
	47,083	**42,735**

	2009 £'000	2008 £'000
8. REMUNERATION OF DIRECTORS AND HIGHER PAID EMPLOYEES		
The emoluments of the Warden's post were:		
Remuneration	212	194
USS pension contributions (paid at the same rates as for other academic staff)	30	26
	242	**220**
Remuneration of other higher paid staff, excluding employer's pension contributions, fall in the following band:	Number	Number
£100,000-£109,999	1	1
9. OTHER OPERATING EXPENSES	£'000	£'000
Academic departments	3,019	3,192
Academic services	1,564	1,264
Research grants and contracts	1,276	1,766
Residences, Catering and Conferences	3,043	3,131
Premises	4,498	4,900
Administration	3,606	3,433
General educational	3,204	2,871
Other services rendered	108	350
Total	**20,318**	**20,907**
Other operating expenses include:		
External auditors' remuneration in respect of the audit of the Financial Statements	47	47
External auditors' remuneration in respect of other audit services	7	7
External auditors' remuneration in respect of non-audit services (tax)	26	5
Internal auditors' remuneration in respect of audit services	79	83
Operating leases (property)	612	590
10. INTEREST AND OTHER FINANCE COSTS		
Loans not wholly repayable within five years	413	525
Finance leases	975	986
Net interest on LPFA pension scheme liabilities (note 31)	476	23
	1,864	**1,534**

11. TAXATION

The charitable status of the College and the application of the Inland Revenue guidelines to its other quasi-commercial activities do not render the College liable to Corporation Tax. Accordingly no provision has been made for taxation.

12. TANGIBLE ASSETS

	Land & Buildings		Fixtures Fittings & Equipment	Assets in course of construction	Total
	Freehold	Assets held under finance leases			
	£'000	£'000	£'000	£'000	£'000
Valuation/cost					
At 1 August 2008					
Valuation	44,350	-	-	-	44,350
Cost	44,055	10,404	5,855	1,256	61,570
Additions at cost	1,028	-	447	5,683	7,158
Transfers	228	-	26	(254)	-
Disposals	(869)	-	-	-	(869)
At 31 July 2009					
Valuation	**44,350**	**-**	**-**	**-**	**44,350**
Cost	**44,442**	**10,404**	**6,328**	**6,685**	**67,859**
Total	**88,792**	**10,404**	**6,328**	**6,685**	**112,209**
Depreciation					
At 1 August 2008	24,519	4,577	5,027	-	34,123
Charge for year	2,883	417	652	-	3,952
Disposals	(869)	-	-	-	(869)
At 31 July 2009	**26,533**	**4,994**	**5,679**	**-**	**37,206**
Net book value					
At 31 July 2009	**62,259**	**5,410**	**649**	**6,685**	**75,003**
At 1 August 2008	**63,886**	**5,827**	**828**	**1,256**	**71,797**

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). The historic cost of the properties valued in 1994 is £7,587k.

	2009	2008
	£'000	£'000
13. INVESTMENTS		
Investments are shown at cost and represent 27,782 ordinary shares, fully paid, in CVCP Properties plc and 240 £1 shares in i2 Media Ltd.	**28**	**28**

The College has one subsidiary company, Pure Goldsmiths Ltd. This company was dormant at 31 July 2009 and at that date had issued share capital of one ordinary share at £1.

	2009 £'000	2008 £'000
14. ENDOWMENT ASSET INVESTMENTS		
Balance at 1 August	1,791	1,358
Additions	200	479
Depreciation in market value	(13)	(46)
Balance at 31 July	**1,978**	**1,791**
Represented by:		
UK Equities	861	873
Cash balances	1,117	918
	1,978	**1,791**
15. DEBTORS		
Amounts falling due within one year		
Student debtors	1,031	1,656
Other debtors	1,462	2,132
Prepayments and accrued income	1,893	1,391
	4,386	**5,179**
Other debtors - amounts falling due after more than one year	44	12
	4,430	**5,191**
16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Mortgages and unsecured loans	168	153
Obligations under finance leases (note 23)	227	171
Trade creditors	6,105	4,437
Social security and other taxation payable	1,110	1,013
Accruals and deferred income	7,290	8,849
	14,900	**14,623**
17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Unsecured loans and mortgage secured on residential property	8,611	8,237
Obligations under finance leases (note 23)	10,224	10,458
	18,835	**18,695**

A 25 year mortgage taken out in March 1996 with Capital Bank plc (part of the Bank of Scotland) on Raymont Hall was repaid in June 2009. The average rate of interest paid in the year was 5%.

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

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

	2009 £'000	2008 £'000
18. PROVISIONS FOR LIABILITIES		
Staff pensions and re-grading		
At 1 August	699	255
Utilised in year	(97)	(101)
Charged to the Income and Expenditure Account	779	545
At 31 July	**1,381**	**699**

The provision is mainly for probable claims under the new pay framework agreement and has been calculated using the average settlement percentage for staff who have already been paid arrears. This provision has been increased to take account of the cost of transferring hourly paid staff to fractional posts. We expect the majority of the expenditure to be incurred in the next two years.

19. DEFERRED CAPITAL GRANTS FROM FUNDING COUNCILS

	2009 £'000	2008 £'000
At 1 August:		
Buildings	21,537	16,271
Equipment	483	640
Total	**22,020**	**16,911**
Cash received:		
Buildings	312	6,312
Equipment	-	331
Total	**312**	**6,643**
Released to Income and Expenditure Account:		
Buildings depreciation (note 2)	1,010	1,046
Equipment depreciation (note 2)	290	488
Total	**1,300**	**1,534**
At 31 July:		
Buildings	20,839	21,537
Equipment	193	483
Total	**21,032**	**22,020**

	Restricted Expendable £000	Restricted Permanent £000	2009 Restricted Total £000	2008 Restricted Total £000
20. ENDOWMENTS				
At 1 August				
Capital	72	1,669	1,741	1,344
Accumulated income	-	50	50	14
	72	**1,719**	**1,791**	**1,358**
Income for year (note 6)	11	59	70	71
Expenditure	(34)	(24)	(58)	(75)
New funds	181	7	188	483
Decrease in market value of investments	-	(13)	(13)	(46)
At 31 July	**230**	**1,748**	**1,978**	**1,791**
Represented by:				
Capital			1,880	1,740
Accumulated income			98	51
			1,978	**1,791**

	2009 £'000	2008 £'000
21. INCOME AND EXPENDITURE ACCOUNT		
Balance at 1 August	2,906	1,326
Releases from revaluation reserve (note 22)	794	790
Surplus after depreciation of assets at valuation and tax	1,920	2,771
Actuarial loss on LPFA pension scheme (note 31)	(6,202)	(1,981)
	(582)	**2,906**
22. REVALUATION RESERVE		
Land and buildings at 1 August	25,612	26,401
Contributions to depreciation (note 21)	(794)	(790)
As at 31 July	**24,818**	**25,611**

	2009 £'000	2008 £'000
23. LEASE OBLIGATIONS		
Obligations under finance leases fall due as follows:		
Between two and five years	1,599	1,306
Over five years	8,625	9,152
The analysis for 2008 has been amended for consistency with the 2009 analysis		
Total over one year (note 17)	**10,224**	**10,458**
Within one year (note 16)	227	171
Total	**10,451**	**10,629**
Operating lease commitments for the forthcoming financial year are as follows:		
Land and buildings - leases expiring after 5 years	627	612
	627	**612**

	2009 £'000	2008 £'000
24. CAPITAL COMMITMENTS		
Commitments contracted as at 31 July	17,763	125
Authorised but not contracted as at 31 July	3,666	19,676
(To be partially funded by HEFCE capital grant of £9.1m)		
	21,429	**19,801**

	2009 £'000	2008 £'000
25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FROM OPERATIONS		
Surplus for the year	1,920	2,771
Pension costs less contributions payable	177	153
Depreciation	3,952	3,919
Contribution to depreciation from capital grants	(1,300)	(1,534)
Investment income	(634)	(1,018)
Loan interest paid	1,388	1,511
Decrease in stock	2	46
Decrease/(increase) in debtors	761	(1,041)
Increase in creditors	206	1,650
Increase in provisions	682	444
Net cash inflow from operations	**7,154**	**6,901**

Notes to the Accounts
for the year ended 31 July 2009

	2009 £'000	2008 £'000
26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from endowments and specific funds (note 6)	70	71
Other interest receivable (note 6)	564	947
Interest paid (note 10)	(1,388)	(1,511)
	(754)	**(493)**
27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		
Payments to acquire tangible fixed assets	(7,158)	(6,006)
Deferred capital grants received (note 19)	312	6,643
Endowment and specific fund additions and income	200	304
	(6,646)	**941**
28. MANAGEMENT OF LIQUID RESOURCES		
Payments from/(to) short term deposits	8,467	(2,357)
	8,467	**(2,357)**
29. FINANCING		
New loan and existing loan redemptions	382	(153)
Capital element of finance lease capital	(171)	(121)
	211	**(274)**

	At 1 August 2008 £'000	Cash Flow £'000	Other Changes £'000	At 31 July 2009 £'000
30. ANALYSIS OF CHANGES IN NET DEBT				
Cash at bank and in hand				
Endowment Asset Investment	918	199	-	1,117
Other	7,760	8,233	-	15,993
Current Asset Investments	8,467	(8,467)	-	-
Debts due within one year	(324)	324	(395)	(395)
Debts due after more than one year	(18,695)	(535)	395	(18,835)
	(1,874)	**(246)**	**-**	**(2,120)**

31. PENSION SCHEMES

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

University Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefits 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 Ltd. USS has over 130,000 active members and the College has 675 active members participating in the scheme.

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

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

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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

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

Standard mortality tables were used as follows:

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

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

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

31. PENSION SCHEMES (CONTINUED)

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

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 107% funded; on a buy-out basis (ie, assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme; using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

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

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries but the trustee company, on the advice of the actuary, agreed to increase the College contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

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

31. PENSION SCHEMES (CONTINUED)

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

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

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

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The total pension cost for the College was £3,679k (2008: £3,200k). This includes £459k (2008: £410k) outstanding contributions at the balance sheet date. The contribution rate payable by the College in the year to 31 July 2009 was 14% of pensionable salaries.

London Pension Fund Superannuation Scheme

The London Pension Fund Superannuation Scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rate of contribution payable being determined by the actuary. The latest formal valuation of the fund was at 31 March 2007, with the next formal valuation due as at 31 March 2010. In accordance with Financial Reporting Standard ('FRS') 17, the actuarial valuation at 31 July 2008 has been reviewed and updated as at 31 July 2009 based upon the annual financial assumptions shown below:

The assumed life expectations from age 65 are:

	Males	Females
Retiring today	19.6 years	22.5 years
Retiring in 20 years	20.7 years	23.6 years

	2009	2008
Price increases	3.6%	3.8%
Salary increases	5.1%	5.3%
Pension increases	3.6%	3.8%
Discount rate	6.0%	6.7%

31. PENSION SCHEMES (CONTINUED)

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

	Expected rate of return			Fair value as at:	
	2009 % per annum	2008 % per annum		2009 £'000	2008 £'000
Equities	7.5%	7.6%		13,503	11,8651
Target Return Portfolio	6.2%	6.3%		2,039	3,979
Alternative Assets	6.7%	6.8%		2,910	4,515
Cash	3.0%	4.8%		1,346	(78)
Total (weighted average)	**6.9%**	**7.2%**	**Total**	**19,798**	**20,281**

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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Opening	(29,006)	(28,742)	20,281	22,151	(8,725)	(6,591)
Current service cost	(1,089)	(854)	-	-	(1,089)	(854)
Interest cost	(1,962)	(1,680)	-	-	(1,962)	(1,680)
Contributions by members	(471)	(337)	471	337	-	-
Actuarial gain/(loss)	(3,385)	1,856	(2,817)	(3,837)	(6,202)	(1,981)
Past service cost	-	(288)	-	-	-	(288)
Impact of settlements and curtailments	-	(34)	-	-	-	(34)
Contributions by employer	-	-	1,388	1,022	1,388	1,022
Contributions - unfunded benefits	(24)	-	24	24	-	24
Expected return on assets	-	-	1,486	1,657	1,486	1,657
Estimated unfunded benefits paid	24	24	(24)	(24)	-	-
Estimated benefits paid	1,011	1,049	(1,011)	(1,049)	-	-
Closing defined benefit obligation	**(34,902)**	**(29,006)**	**19,798**	**20,281**	**(15,104)**	**(8,725)**

	2009 £'000	2008 £'000
31. PENSION SCHEMES (CONTINUED)		
Analysis of the amount charged to staff costs within the operating surplus		
Current service cost	1,089	854
Past service cost	-	288
Curtailments and settlements	-	34
Total operating charge	**1,089**	**1,176**
Analysis of the amount that is charged to interest payable		
Expected return on pension scheme assets	1,486	1,657
Interest on pension scheme liabilities	(1,962)	(1,680)
Net charge	**(476)**	**(23)**

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)					
Cumulative actuarial gains/(losses) at 1 August	566	2,547	(564)	(351)	(38)
Actuarial (losses)/gains recognised in STRGL	(6,202)	(1,981)	3,111	(213)	(313)
Cumulative actuarial gains/(losses) at 31 July	**(5,636)**	**566**	**2,547**	**(564)**	**(351)**

The College's contribution for non-academic staff as a percentage of pensionable salaries was 19.8% from April 2008. The pension charge for the year to 31 July 2009 was £1,089k, (2008: £1,176k).

	2009 £'000	2008 £'000
32. HARDSHIP FUNDS		
Balance at 1 August	33	38
HEFCE grant received	206	273
Interest earned	3	6
Disbursed to students and administration	(226)	(284)
Underspent at 31 July	**16**	**33**
33. TDA TRAINING BURSARIES		
Balance at 1 August	186	415
Grant received	2,797	3,173
Payments to trainees	(2,905)	(3,402)
Underspent at 31 July	**78**	**186**

	2009 £'000	2008 £'000
34. TDA SECONDARY SHORTAGE SUBJECT SCHEME		
Balance at 1 August	3	-
Grant repaid	(3)	30
Payments to trainees	-	(27)
Underspent at 31 July	**-**	**3**

Funding body grants shown in notes 32-34 are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The balance at 31 July is included in Creditors.

	2009 £'000	2008 £'000
35. TDA MINORITY ETHNIC RECRUITMENT (MAINSTREAM)		
Balance at 1 August	18	16
Grant received	13	19
Expenditure	(19)	(17)
Underspent at 31 July	**12**	**18**
36. TDA MINORITY ETHNIC RECRUITMENT (EBITT)		
Balance at 1 August	17	-
Grant received	-	18
Expenditure	(13)	(1)
Underspent at 31 July	**4**	**17**
37. STUDENT ASSOCIATE SCHEME		
Balance at 1 August	68	54
Grant received	70	89
Expenditure	(81)	(75)
Underspent at 31 July	**57**	**68**

38. RELATED PARTY TRANSACTIONS

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

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