

**ANNUAL REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2019**

CONTENTS

Warden's foreword	1
Council and committee membership	2
Strategic report	4
Public benefit statement	30
Corporate governance and internal control	32
Independent auditor's report	36
Accounting policies	38
Statement of comprehensive income and expenditure	44
Statement of changes in reserves	45
Balance sheet	46
Cash flow statement	47
Notes to the Financial Statements	48

WARDEN'S FOREWORD

I feel a real sense of honour in writing this foreword. Being invited to lead Goldsmiths is a privilege, and the pages that follow chart some outstanding achievements during a year of many changes.

It is only fitting for me to begin by paying tribute to my predecessor, Patrick Loughrey, who did so much to sustain Goldsmiths' distinctiveness in the face of considerable external pressures.

Indeed, the last financial year marked a period of considerable political and regulatory turbulence. We began to see the impact of the shift from the long-standing HEFCE regime to the Office for Students, which assumed regulatory powers over the higher education sector in January 2018.

Throughout the year, the spectre of Brexit loomed large. At the time of writing, there still remains deep uncertainty about the potential impact for higher education institutions, and indeed the whole country.

One way in which I believe Goldsmiths can fortify its position for the future is by demonstrating how our distinctive research and teaching supports positive social change. This is something I will want to focus on over the coming years.

The last year has seen numerous examples of how Goldsmiths' academics are engaging with real world problems, often at the interface of technology, personhood and human rights.

For example, during this year, our researchers have revealed how social media companies are mapping the 'data signatures' of young children using information from family accounts.

Others have been pioneering the development of artificially intelligent digital actors – set to star in a Virtual Reality game based on the hit drama, Peaky Blinders.

Back in the real world, the Forensic Architecture team – based in our

Visual Cultures department – have continued to make global headlines for their innovative investigations into crimes where traditional methods have not led to justice.

This kind of research is informing a portfolio of programmes that has continued to evolve. Our BSc in Computer Science, offered through a collaboration with the University of London Worldwide and Coursera, has seen well over 1,000 enrolments in its first year. It points to a future of more distance learning, using new technologies to move away from a traditional model of residential study.

We are also proud to have begun student recruitment for a new MA in Black British History, and to have welcomed our first cohort into LLB Law (just after the end of the reporting year).

Those studying on campus will now benefit from the use of our freshly rebuilt performance spaces in the George Wood Theatre, and be able to see world class exhibitions at Goldsmiths Centre for Contemporary Art, the first large, permanent contemporary art space to open in Lewisham in 125 years.

Serving our local community through effective partnerships and making our facilities available to grassroots organisations has long been an aim of the College. Over the year we have seen closer co-ordination of these efforts, and Goldsmiths becoming one of the first institutions nationally to commit to publishing a Civic University Agreement.

Looking back on these achievements is inspiring as I begin to work with colleagues on plans for the future. My first few weeks at the College have vividly illustrated the huge potential for us to make an even bigger impact locally, nationally and globally. I very much look forward to helping unlock those opportunities and building on the achievements set out over the following pages.

**Professor Frances Corner OBE
Warden**

COUNCIL AND COMMITTEE MEMBERSHIP

Council

Ms Dinah Caine CBE
(Chair)

Ms Monika Barnes
(from 1 September 2019)

Mr Nick Barron
(to 31 August 2019)

Mr Ian Borman

Ms Susan Dilly
(from 1 September 2019)

Ms Althea Efunshile CBE

Mr Andrew Laurence
(from 1 September 2019)

Ms Helen MacNamara

Mr Ravi Mahendra
(from 1 September 2019)

Ms Lynn Percy

Mr Aaron Porter

Ms Pam Raynor

Sir David Reddaway KCMG MBE

Ms Sue Reece
(to 28 February 2019)

Ms Carol Rue

Ms Vanessa Sharp
(to 31 August 2019)

Mr Philip Stoltzfus
(from 1 September 2019)

Mr Tom Wilson
(to 31 August 2019)

Dr Theodora Zemek

Mr Joe Leam
(from 1 September 2019)

Mr Joseph Tema
(to 31 August 2019)

Mr Kierin Offlands

Professor Frances Corner OBE
(from 7 August 2019)

Mr Patrick Loughrey
(to 31 May 2019)

Professor David Oswell

Professor Mark d'Inverno

Professor Elisabeth Hill

Mr Conrad Heyns

Mr Ben Fowler

Dr Rodger Kibble

Dr Suhail Malik

Dr John Price

Audit and Risk Committee

Ms Pam Raynor
(Chair, from 1 September 2019)

Ms Sue Reece
(Chair, to 28 February 2019)

Ms Ronke Akerele
(from 1 September 2019)

Ms Althea Efunshile CBE
(to 31 August 2019)

Mr Steve Stanbury

Mr Aaron Porter

Mr Ravi Mahendra
(to 31 August 2019)

Key Management Personnel

Professor Frances Corner OBE
(Warden, from 7 August 2019)

Mr Patrick Loughrey
(Warden, to 31 May 2019)

Professor Elisabeth Hill
(Deputy Warden, and Acting Warden from 1 June 2019 to 6 August 2019)

Professor Mark d'Inverno
(Pro-Warden)

Professor David Oswell
(Pro-Warden)

Ms Helen Watson
(Registrar and Secretary)

Mr Nirmal Borkhataria
(Interim Director of Finance, from 1 October 2019)

Mr Ian Pleace
(Director of Finance, to 30 September 2019)

Ms Carol Ford
(Director of Human Resources, from 1 July 2019)

Mr Andy Lamb
(Director of Human Resources, to 31 March 2019)

Ms Lynne Tucker
(Chief Information Officer)



A NOTE ON DEFINITIONS

The Higher Education sector has a tendency to lapse into acronyms and to use terms that are not necessarily familiar off-campus. With that in mind, here is a list of definitions of a number of key terms used throughout this document:

Council	Goldsmiths' overall governing body.
DLHE	Destinations of Leavers from Higher Education, a survey which collected information on what all leavers from Higher Education programmes are doing at a certain point in time after qualifying from those programmes.
FRS 102	Financial Reporting Standard 102 is the UK accounting standard that Goldsmiths is obliged to follow, along with the Higher Education SORP (see below).
HEFCE	The Higher Education Funding Council for England. In the past, HEFCE was both our major source of funding as well as our regulator. Following the introduction of £9,000 tuition fees for Home and EU undergraduate students, HEFCE's role became more focused on regulation, although some forms of HEFCE block grant funding remained. It has since been replaced, with responsibilities falling to the OfS and UKRI (see below).
NSS	The National Student Survey, an annual exercise whereby final-year students contribute feedback on their Higher Education experience.
OfS	Office for Students, the sector's current principal regulator.
QR funding	The block grant funding for research activity, used to sustain a research base at Goldsmiths alongside grant income won through bids/applications to Research Councils and other funders.
REF	Research Excellence Framework, an exercise conducted in 2014 to assess the quality and impact of research activity across the Higher Education sector. The results of the REF were used to inform the allocation of QR funding (see above). The next REF exercise will be concluded in 2021.
SMT	The Senior Management Team, which provides overall operational leadership to Goldsmiths.
SORP	Statement of Recommended Practice, which gives guidance on how to apply FRS 102 to the Higher Education sector.
STEM	A collective term used to describe Science, Technology, Engineering and Maths. Recognising the role that creativity plays in scientific advance, we are committed to the idea of STEAM subjects, where the 'A' stands for Arts.
TEF	Teaching Excellence Framework, an initiative that aims to recognise and reward excellent learning and teaching, and help inform student choice.
UKRI	UK Research and Innovation, a body that brought together the UK's existing research councils and took on HEFCE's responsibilities in respect of research.

INTRODUCTION

The Strategic Report covers pages 5 to 28 inclusive.

This Strategic Report has been prepared under the narrative disclosure requirements of the Higher Education Statement of Recommended Practice (SORP). The financial results and position discussed within the Strategic Report have been presented in line with the accounting requirements of Financial Reporting Standard 102 (FRS 102).

The report gives an overview of how our unique and distinctive institution works. It explains the historical journey we have been on and how that rich history informs the Goldsmiths of today. We explain our strategic objectives and look at progress in achieving those objectives and where there is more work to be done. The report describes our operating structure and the key financial drivers that impact Goldsmiths (the so-called 'business model' of the College) and we address our financial performance in light of those drivers. And finally, we look to the future as we consider the external environment, and the opportunities and challenges posed by regulatory, economic, social and political change.

Goldsmiths is a strong and vibrant community of students and staff, dedicated to theoretical, creative and practical engagement with how humans experience, understand and interact with the world. From the beginning, Goldsmiths has celebrated difference.

THE GOLDSMITHS JOURNEY

The Goldsmiths story starts in 1891 when the Worshipful Company of Goldsmiths ('the Goldsmiths Company'), one of the principal City Livery Companies, opened a Technical and Recreative Institute at New Cross, on the site of the former Royal Naval College. The present day Goldsmiths College remains on the same New Cross site in south east London.

The original objective of the Institute was 'the promotion of the individual skill, general knowledge, health and wellbeing of young men and women belonging to the industrial, working and poorer classes' with its focus on the communities of south east London. By 1896 the total number of enrolled students had topped 7,000.

New legislation passed in 1902 gave the then London County Council significant power over the control of education in London. Unwilling to compete against new institutions that would be funded by the ratepayer, the Goldsmiths Company decided, in 1904, to gift the Institute to the University of London. Goldsmiths College was born. The Goldsmiths Company provided ongoing financial support to the new College in its early years and in 2019 it remains a valued and supportive friend to the institution, with continuing representation on our governing body.

From 1904, the activities of the new Goldsmiths were built around a Teacher Training College and a School of Art. In the 1930s, they were joined by an Evening Department of Adult Education. From 1964, the Department of Adult Education began to teach University of London degree courses, starting with a part-time degree in sociology. Subjects that had been taught as part of teacher training turned into degree programmes in their own right, with degrees in psychology and music following shortly after.

All of these activities are recognisable in the modern Goldsmiths College. Teacher training remains the core activity of our present day Department of Educational Studies. The School of Art survives as our world-leading Department of Art. Together, they have been joined by 16 other departments as Goldsmiths' degree-level teaching and research activity have grown significantly over the past 50 years.

In 1988 Goldsmiths became a School of the University of London, and in 1990 we were granted our Royal Charter, becoming responsible for our own destiny under the auspices of our own governing body, Goldsmiths' Council. Since then, Goldsmiths has continued to forge its own distinctive identity, with creativity as a hallmark.

Academic excellence and imaginative course content combine to make a place where creative minds can thrive and ideas are allowed to grow. Today, our degree programmes and research activities span the arts, humanities, social sciences, cultural studies, computing, business and management. Our academics cooperate across disciplines to create exciting new degree programmes and develop novel approaches to research issues. Our interdisciplinary ethos has helped us to become a national leader in many subject areas.

Goldsmiths alumni have changed, and continue to change, the world. Former students include Antony Gormley, Julian Opie, Malorie Blackman, Katy B, the late Tessa Jowell, Julian Clary, Mary Quant, Margaret Howell, Linton Kwesi Johnson, Steve McQueen, Gillian Wearing, Damien Hirst, Bridget Riley, the late Malcolm McLaren, and members of *Blur*. The success of our art alumni is well documented – eight winners of the Turner Prize have studied here – but we make equally strong contributions to contemporary music, literature and the other fields for which we are known.

GOLDSMITHS IN 2019

Building on this rich legacy is at the heart of our strategy, which is summarised below. In this part of the report, we look at our performance during the year against our strategic objectives through the lens of our key strategic themes.

Full details of Goldsmiths' Strategic Plan can be found at www.gold.ac.uk/strategy

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

Goldsmiths' values underpin this mission:

- Achieving academic excellence
- Radical and innovative thinking
- Respecting the individual
- Promoting access and diversity
- Supporting our students and staff
- Creating change, locally and globally

Our strategy identifies four overarching objectives which are underpinned by seven strategic themes.

Overarching Strategic Objectives

- Shape our portfolio of academic programmes and range of research to build on Goldsmiths' reputation as relevant, challenging and distinctive
- Respond to the full range of students' needs and expectations through innovative delivery of excellent teaching and learning and everything that supports it
- Equip graduates with the flexibility, skills and confidence needed to achieve their ambitions and aspire to make a difference to the world around them
- Support research excellence that addresses local, national and global challenges

Strategic Themes

To provide structure for our work towards these objectives, a series of strategic themes have been identified.

- Shaping our distinctive academic profile
- Enhancing our teaching and learning
- Making a difference through our research and knowledge exchange
- Strengthening our international relationships and profile
- Civic engagement for mutual benefit: active partnership with our community
- Supporting the Goldsmiths community of students, staff and alumni
- Building an efficient and effective infrastructure

1. SHAPING OUR DISTINCTIVE ACADEMIC PROFILE

We have continued to develop distinctive new programmes, both on and off-campus, which are aligned to our research expertise and clear market demand. Consideration is given to the ways in which a programme relates to disciplinary and inter-disciplinary developments and presents contemporary and topical issues in relation to real-world learning and employability options.

Subject areas and titles are encouraged to reflect these ambitions and balance distinctiveness with visibility and global relevance. Proposals are supported to ensure they reflect our commitment to our access and participation plan, five key elements of our Learning, Teaching and Assessment Strategy (see Strategic Theme 2, below) and feedback from students on demand. Finally, proposers are encouraged to consider how theory, research and practice are built into developments and where professional accreditation can be considered.

Collaboration with University of London (UoL) WorldWide has facilitated the development of two new distance learning programmes which will offer students all over the world the chance to experience our distinctive curriculum and pedagogic practice. The first of these programmes to launch, the BSc in Computer Science has outperformed the targets established for their first entry cohort. The second programme will see its first cohort arrive in April 2020.

With a successful start for our LLB Law programme and ongoing growth in student and staff numbers anticipated, Goldsmiths' Academic Board and Council approved the launch of the Department of Law in April 2019. The new Department will join the School of Culture and Society.

Innovation in new academic programmes

New programmes launched in September 2018

MSc Psychology of the Arts, Neuroaesthetics & Creativity
 MA in Anthropology and Museum Practice
 MA Migration and Mobility
 BA Musical Theatre
 PG Diploma in Step up to Social Work
 MSc Computational Cognitive Neuroscience
 MSc Marketing and Technology
 PG Certificate in Coaching

New programmes launched in September 2019

LLB Law
 BSc Computer Science Distance Learning with Coursera and University of London Worldwide
 BA Economics with Marketing
 BMus/BSc Electronic Music, Computing and Technology
 MSc Data Science Distance Learning with University of London Worldwide
 MA/MSc Virtual Reality
 MA Global Political Economy
 MSc User Experience Engineering
 MSc Games Programming

New programmes approved for launch in September 2020

BA Digital Anthropology
 BA History, Heritage and Cultural Management
 BA Promotional Media
 MA Black British History
 BSc Computing
 LLB Law with Criminal Justice & Human Rights
 DForenPsy Forensic Psychology

2. ENHANCING OUR TEACHING AND LEARNING

Goldsmiths' diverse student body is wide-ranging in terms of age, nationality, educational, occupational and social backgrounds. Goldsmiths aims to support all students effectively, regardless of background, to enable them to participate in knowledge production. This means equipping them with skills, knowledge and experience that will help them to make sense of the world and find the work they want in a fast-changing environment.

The College's Learning, Teaching and Assessment Strategy (LTAS) drives Goldsmiths' work in this regard and the associated action plan sets our goals. The LTAS coalesces around five aims:

- Liberate our degrees
- Develop research-teaching synergies
- Ensure access, inclusion and robust learning support for all our students
- Extend our reach
- Enhance graduate futures

These aims drive the prioritisation of pedagogical developments and are monitored on an annual basis by the Learning Teaching Enhancement Committee, reporting to the College's Academic Board.

Goldsmiths monitors student feedback at institution wide and academic department level and compares performance to competitor institutions through the National Student Survey (NSS), the UK Experience Survey, the Postgraduate Taught Experience Survey and the Postgraduate Research Experience Survey. The College's Academic Board reports to Goldsmiths' Council on performance in these areas. Together with Student: Staff ratios, overall satisfaction in the NSS is one of the Key Performance Indicators monitored by Goldsmiths' Council on an annual basis.

In 2019, overall satisfaction increased by 2.7%, to 80.3%. We saw increased satisfaction across each of the core question themes, with particular increases in organisation and management (+3.2%), academic support (+3.6%), and learning resources (+3%). These scores reflect targeted work through the year and move us closer to benchmarks.

	2014-15	2015-16	2016-17	2017-18	2018-19
NSS institution score	83%	83%	80%	78%	80%

Overall NSS performance masks a broad range of reported experience at individual academic department level, with some high performing departments alongside those facing greater challenges. The College has refined the approach to NSS action planning at departmental level. A review of the manner in which the student voice is captured and fed back to the student population is also under way. Our Student: Staff ratio has increased slightly in the year but remains low by sector standards.

	2014-15	2015-16	2016-17	2017-18	2018-19
Institution SSR	13.8	14.1	14.7	15.2	15.0

During the year, we appointed an Academic Lead for Attainment Gap, Dr Nicola Rollock. Dr Rollock will oversee a race audit and the writing of a race justice strategy.

Ongoing strategic priorities include:

- Improving student retention rates. Detailed departmental level work is under way to identify and address the key drivers of student non-continuation. This has resulted in changes to our recruitment strategy for undergraduate foundation years, additional teaching support in areas of identified need and also makes reference to our wider strategic work around the attainment gap.

	Year of entry			
	2013-14	2014-15	2015-16	2016-17
Non-continuation after first year of entry: UK-domiciled first degree entrants	9.6%	10.0%	12.6%	12.4%

- Our Digital Recording project to enable a well-supported, College-wide approach to digital recording of teaching sessions and materials. This is a response to student and staff demand and will enable us to be more inclusive in our teaching practices.
- Development and articulation of Goldsmiths' educational philosophy.

3. MAKING A DIFFERENCE THROUGH OUR RESEARCH AND KNOWLEDGE EXCHANGE

Goldsmiths' research spans the arts, humanities, social sciences and computing. The 2014 Research Excellence Framework (REF) rated almost three-quarters of research at Goldsmiths as world leading (4*) or internationally excellent (3*). Much of our research is interdisciplinary – groups of researchers working to understand a complex problem, drawing on their distinctive disciplines to arrive at a single solution.

Over the year we've continued to invest in our four research themes on:

- Social and Economic Justice
- Technologies, Worlds and Politics
- Minds, Bodies and Society
- Invention, Creativity and Experience

The themes help to aggregate and consolidate our research excellence as well as align with research funding agendas.

We've also invested in Global Challenge Research Fund (GCRF) research, including projects from:

- Nishat Awan, *Infrastructural Terror: Security, speculation and development in Gwadar.*
- Rachel Ibreck, *Politics and International Relations: Regional justice networks: action research with human rights defenders in Eastern Africa.*
- Lauren Stewart, *Understanding and promoting partner support to improve perinatal mental health in the Gambia.*
- David Brenner, *Economic Development and Ethnic Conflict in Myanmar's Borderlands.*
- Martin Webb, *JĀNKĀR (Knowledgeable): Leveraging Everyday Innovations in Governance and Accountability.*
- Henrike Donner, *A Room of One's Own: Challenging Poor Women's Marginalisation in Urban Housing Regimes in India.*

Some illustrative examples of the research grant successes we have had are:

- Kat Jungnickel (Sociology), *Patterns of Patents: Mapping citizenship via clothing inventions 1820-2020.* European Research Council grant of £1,601,098.
- Atau Tanaka (Computing), *Art, Artifice and Intelligence: A UK-Japan partnership exploring art and AI.* Arts and Humanities Research Council grant of £49,520.
- Juliet Sprake (Design), *A Sustainable Framework for Design thinking in Education.* A British Council grant of £76,265.

We continue to grow our short course income and work on our new Enterprise Hub, which will be physically located in high profile premises on the New Cross Road, next to our Deptford Town Hall building, has been developing quickly (see Strategic Theme 5 below).

	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Research grants and contracts [A]	5,227	4,603	4,089	6,126
Number of academics on teaching and research contracts (FTE basis) [B]	380	385	390.6	411.9
Research income per relevant academic [A]/[B]	£13,760	£11,960	£10,470	£14,873

Research funding case studies



Jaankaar: Advocacy, outreach and community action
Images: Jaankaar team

**Jaankaar (Knowledgeable):
Leveraging Everyday Innovations in Governance
and Accountability. Project lead: Martin Webb,
Department of Anthropology.**

While those in low income neighbourhoods in Delhi have legal rights to access a range of social protections (education, subsidised food and pensions), a range of factors, such as low literacy, discrimination and poor service delivery, means that many have difficulty accessing these rights. Citizen groups have emerged in recent years to help address this problem. Key to the functioning of these groups are community mobilisers from low income neighbourhoods (Jaankaars).

There is a need to understand better the capacities and capabilities that help the Jaankaars to be effective advocates, and to build their capacity to engage with new forms of technology that can assist with various bureaucratic hurdles associated with applying for different forms of social protection. This project focused on how it might support grassroots activities, build capacity in the field personnel of the CSOs (Civil Society Organisations), and develop the skills of pre-PhD researchers as research coordinators. Two teams of four Jaankaar Fellows were recruited to the project and each team was supported by two research coordinators. Through project workshops and the sharing of new ways of working with technology, these community workers were trained in the use of these technologies and how it might transform how they supported community advocacy.

As one Jaankaar Fellow from south Delhi noted:

"After joining project Jaankaar, I learned how to send audio files and pictures to people in my contact list. Now if I go to a 'Yatra' (an awareness raising rally) or if I go to conduct community meetings...if there are any issues of concern in the community like water logging and unclean drainage, now I instantly click pictures of the same and send them to relevant groups in Whatsapp.



Lawyers as Human Rights Defenders
Image: Neema Iyer

Regional justice networks: action research with human rights defenders in Eastern Africa.
Project Lead: Rachel Ibreck, Department of Politics and International Relations.

Political and judicial authority, and legality itself, are contested and fragmented in Eastern Africa, where countries have been affected by violent conflict and political repression. This presents challenges for the implementation of the UN's Sustainable Development Goal (SDG) 16, "to promote just, peaceful and inclusive societies", and specifically target SDG 16.3, "to promote the rule of law and ensure equal access to justice".

This project mapped the administration of law in practice in the East and Horn of Africa and created new networks and agendas to enable the promotion of the rule of law and human rights 'from below'. It connected activist lawyers and paralegals working for human rights in different countries and localities; and empowered them with knowledge and tools for research and activism, working in partnership with the *East and Horn of Africa Human Rights Defenders Project (DefendDefenders)* based in Kampala, Uganda. It produced both policy-oriented and academic insights relevant to Sustainable Development Goal (SDG) 16.3.

This project contributed new insights into contemporary legal practices across the region and developed pragmatic strategies for promoting reform. It thus helped policymakers and activists in the region to better understand and engage the law in practice, and the role that legal activists can have in shaping and promoting legal reforms.



Living with extreme heat and flooding in Tamale, Northern Ghana
Images: Caroline Knowles

Caroline Knowles, Sociology, is the Academic Lead for the British Academy's Cities and Infrastructure research programme.

Caroline's research and publications explore the ways in which particular strands of globalisation, in the movements of objects and people, compose and connect cities. Her research is influential – over half of the world's population lives in cities, and according to the UN, another 2.5 billion people will live in urban areas by 2050, predominantly in Asia and Africa. Her leadership of the British Academy's programme, together with her own research findings, has helped draw attention to the effect climate change has had on certain cities in the global South that are already struggling to adapt to increasing urbanisation and migration.

4. STRENGTHENING OUR INTERNATIONAL RELATIONSHIPS AND PROFILE

We have significantly expanded our international activities over the past year in line with our institutional strategic objective to continue to develop Goldsmiths as an ambitious and inclusive global university.

Increased international awareness of Goldsmiths' profile, research, academic programmes and unique pedagogy have helped to sustain our growth in international student numbers. International fee income has increased year on year, rising from £26.7 million in 2017-18 to £31.3 million in 2018-19.

	2014-15	2015-16	2016-17	2017-18	2018-19
Proportion of non-EU international students*	17.5%	17.6%	16.5%	17.4%	18.5%

*as percentage of total student FTE

Student demand for Go Abroad activity has increased sharply, with 120 students heading overseas for study, internships or volunteering in 2018-19, our highest ever number. To support this initiative, the International Recruitment and Global Opportunities Team have secured:

- Year-on-year increases in external funding for Go Abroad activity, with over €500,000 of Erasmus Plus programme funding secured in 2018-19
- A new US Study Abroad partnership, with growth in numbers and income expected for 2019-20

We continue to work closely with our largest teaching partner, LASALLE College of the Arts in Singapore, and have strongly supported them in seeking degree awarding powers which would be a great tribute to what we have achieved together.

The International Development and Academic Partnerships team (IDAP) have invested more time and resource into the development of new collaborations with partners who share Goldsmiths' values and ambitions. The include:

- The partnership with Miriam College, Philippines, received its first intake of students in September 2019, generating £189,000 in revenue for the Design Department
- The dual degree partnership with Tomsk State University, Russia, also received its first intake of students in September 2019, with other areas of activity currently being explored
- New projects are also under development in Europe, China and South East Asia

2018-19 also saw the launch of Goldsmiths' BSc Computer Science programme, run and delivered in partnership with the University of London Worldwide through Coursera, by some way the world's largest distance learning platform. This programme has far exceeded its recruitment targets with 1,300 web-supported students recruited across two intakes in the 2019 calendar year. In addition, an MSc Data Science programme, in partnership with the University of London Worldwide, is due to launch in April 2020. There is significant interest from institutions across the globe to offer both of these programmes as a recognised teaching centre or as a parallel degree.

5. CIVIC ENGAGEMENT FOR MUTUAL BENEFIT: ACTIVE PARTNERSHIP WITH OUR COMMUNITY

Goldsmiths is a civic university committed to active engagement with our local communities within south and east London, as well as London as a whole, in a spirit of openness, collaboration and connection. We have a long history of engagement within our local communities and are proud of our south east London roots.

The College is one of more than fifty universities to pledge commitment to local communities through the UPP Foundation's Civic University Agreement. This commits us to putting the economy and quality of life in our local area at the top of our list of priorities.

In addition, Goldsmiths has had a formal Memorandum of Understanding partnership with Lewisham Council since 2016. In June 2019, we signed up to the 'Lewisham Deal' with other anchor organisations across the borough (Lewisham College, Lewisham Hospital, Lewisham Homes, Phoenix Housing Association). This committed us to taking more apprenticeships in our workforce, procurement supporting local SMEs, paying the London living wage and actions to support career advice and progression for local people.

Goldsmiths Centre for Contemporary Art opened in September 2018 with an exhibition of work by Mika Rottenberg. Throughout the year, the CCA has hosted a wide range of high-profile exhibitions. CCA staff include an Education Curator, funded by the Goldsmiths Livery Company to develop a vibrant range of educational activities for local schools and groups.

Working in collaboration with Lewisham Council, Goldsmiths has been awarded £2.3 million funding in total by the GLA Good Growth Fund and the Strategic Investment Pot (SIP) (which is managed by the City of London Corporation on behalf of all London Councils) towards a £5 million project to create an Enterprise Hub in refurbished properties on the New Cross Road. This will provide a focus for enterprise and entrepreneurship activities, support and network in an accessible High Street location for student and graduate entrepreneurs

as well as local businesses. Redevelopment of this site also provides the opportunity to put in place lift access into Deptford Town Hall, transforming the use of this building to enable effective community use and access.

6. SUPPORTING THE GOLDSMITHS COMMUNITY OF STUDENTS, STAFF AND ALUMNI

The College has made further investment in Student Support Services (c£100,000) to: (i) reduce waiting times for students accessing support services; and (ii) increase provision of holistic support services (including the introduction of a Muslim Chaplain).

The Mental Health First Aiders (MFHA) service was introduced to Goldsmiths for the first time in February 2019. Throughout the 2018-19 academic year, Goldsmiths' internal MHFA instructors have trained over 60 staff in key roles as Mental Health First Aiders (MHFAers) across Goldsmiths. Further training is planned for June 2019 and the 2019-20 year, to increase the number of MHFAers available on the register. Once embedded, these MHFAers will be integral to providing support for the whole Goldsmiths community.

Goldsmiths' Immigration Advisory Service has continued to partner with our Staff Wellbeing team to deliver monthly briefing sessions to staff from the EU on the impact of Brexit. The IAS have also supported staff with making their residency application, offering 1-2-1 appointments and making financial support available to affected staff.

Our new Alumni Engagement Strategy sets out a vision of creating *'a global community of actively engaged alumni who feel valued and who give value to Goldsmiths in return'*. The draft contains goals designed to engage the broadest possible base of alumni to support graduate employability, develop advocacy for Goldsmiths' mission and build philanthropy.

Proposals are being implemented to strengthen staff engagement in relation to equality, diversity and inclusion including setting up separate Equality Boards for each of the main protected characteristics, and termly Equality Forums to create space for dialogue and consultation on relevant topics. The College has also recently committed to a project plan for rolling out staff training on race equality to all staff from 2019-20 onwards.

7. BUILDING AN EFFICIENT AND EFFECTIVE INFRASTRUCTURE

During the year, our Information Technology and Information Systems, Estates and Facilities, and Finance teams have continued to focus on initiatives to enhance our infrastructure.

Over the past couple of years, our IT strategy has increasingly focused on our business systems and digital capabilities, having largely completed a detail programme of work on network infrastructure, security and resilience. Our Business System strategy is now being implemented with clear maintenance and renewal plans identified for all of our critical systems. Key short-term priorities are the implementation of a new research management system and the replacement of our Library Management system.

At the same time, we are developing a Digital Strategy which has the use of technology-enabled teaching at its heart. We have created a 'sand pit' space on campus where new technologies are being trialled, with particular focus on supporting collaborative learning in small groups. As mentioned under Strategic Theme 2, we are currently piloting a digital recording strategy in response to student and staff demand.

Jeanette Batten joined us in June 2019 as our new Director of Estates and Facilities. Two major priorities that the new Director is working on are: (i) the development of a new estates master plan which takes account of how new technology will be used across campus; and (ii) Goldsmiths' Green New Deal and the enhancement of the environmental sustainability of our campus.

Underpinning these IT and Estates initiatives is the need to generate sufficient cash to support them. Financial performance is discussed elsewhere in this report on pages 18 to 24.

For the reasons discussed in these pages, the College's financial performance and cash-generating ability remain under continued pressure. However, despite our reported deficits, the College continues to generate positive operating cash flows. In particular, the amount of depreciation (which is not an operating cash flow) has increased, which benefits the reconciliation of financial surplus to operating cash inflows.

	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Net cash inflow from operating activities	4,813	4,256	10,929	11,009	9,801
As a percentage of income	4.7%	4.1%	9.5%	8.7%	7.4%

The key tactical measures being taken to improve operating cash flow generation include:

- Improving student retention rates.
- Ensuring we have a Home/EU: International student mix that is appropriate for a London institution with our range of subjects offered.
- Continuing our strategy of undergraduate and postgraduate tuition fee growth where possible, while acknowledging that the high growth rates seen in recent years are not sustainable.
- Ensuring unregulated fees keep pace with the rising costs of programme delivery.
- Growing research grant income to benefit from economies of scale in light of investments which have been made in research administration infrastructure.
- Continuing to exercise non-staff cost restraint in order to ensure the benefits from the current non-staff cost reduction exercise are not reversed.
- Limiting further growth in professional services headcount such that economies of scale will emerge.
- Diversifying income streams to improve the resilience of cash flows.



OUR OPERATING STRUCTURE

Goldsmiths' formal governance structures, including the roles of Council, Academic Board and their respective committees, are explained in detail in the Corporate Governance and Internal Control section on pages 32-35.

On a day-to-day operational basis, academic life is centred on 19 academic departments which are grouped into three Schools, each of which is led by one of the academic Pro-Wardens. The Schools operate as a vehicle for internal management, strategic planning and financial reporting and are not intended to play an outwardly visible role. The external face of Goldsmiths remains the individual academic departments, each with a unique presence and distinctive culture.

Professional Services are overseen by the Registrar and Secretary and the Director of Finance. The Registrar and Secretary is responsible for all student-facing services as well as governance, HR, and legal and marketing activities. The Director of Finance oversees Finance, Estates & Facilities, and IT & Information Services.

Our academic departments are as follows:

School	School of Arts and Humanities	School of Culture and Society	School of Professional Studies, Science and Technology
Head of School	Professor Elisabeth Hill	Professor David Oswell	Professor Mark d’Inverno
Departments	<ul style="list-style-type: none"> ▪ Art ▪ Confucius Institute ▪ Design ▪ English & Comparative Literature ▪ History ▪ Music ▪ Theatre & Performance 	<ul style="list-style-type: none"> ▪ Anthropology ▪ Law ▪ Media, Communications and Cultural Studies ▪ Politics & International Relations ▪ Sociology ▪ Visual Cultures 	<ul style="list-style-type: none"> ▪ Computing ▪ Educational Studies ▪ Institute for Creative and Cultural Entrepreneurship (ICCE) ▪ Institute of Management Studies (IMS) ▪ Psychology ▪ Social, Therapeutic and Community Studies (STaCS)

These departments are home to a diverse range of research centres. In addition, we have a number of central academic functions that support the development of Goldsmiths’ teaching and research activities:

- Teaching and Learning Innovation Centre
- Graduate School
- Research & Enterprise
- International Development and Academic Partnerships

Students and staff are supported by the following Professional Services departments:

- Student Experience (including Student Services, Student Administration, Student Recruitment, Careers Service, Library, and the English Language Centre)
- Development and Alumni Relations
- Governance & Legal Services
- Estates & Facilities
- Information Technology & Information Services (IT&IS)
- Strategic Planning & Projects
- Finance
- Human Resources
- Marketing & Communications

The Senior Management Team (‘SMT’) provides overall operational leadership to the College, while remaining accountable to Council and its various Committees. During the year under review the SMT comprised:

- **Warden**
Patrick Loughrey (to 30 May 2019)
- **Deputy Warden; Pro-Warden for Learning, Teaching and Enhancement; and Head of the School of Arts and Humanities**
Professor Elisabeth Hill*
- **Pro-Warden for Research & Enterprise and Head of the School of Culture and Society**
Professor David Oswell
- **Pro-Warden for International and Head of the School of Professional Studies, Science and Technology**
Professor Mark d’Inverno
- **Registrar and Secretary**
Helen Watson
- **Director of Finance**
Ian Pleace**

*Professor Hill was Acting Warden from 1 June 2019 to 6 August 2019.

**Ian Pleace resigned on 30 September 2019, and Nirmal Borkhataria has been Interim Director of Finance since 1 October 2019.

Subsequent to the 31 July 2019 year end date, Professor Frances Corner was appointed as Warden, and Carol Ford joined the SMT in her capacity as newly appointed Director of Human Resources.

OUR FINANCES AND RESOURCES

We are a charity and we recognise that our primary role is to fulfil our public benefit obligations which are described in more detail on pages 30-31. While we continue to report deficits, we do, however, seek to generate a moderate surplus and a positive net cash inflow from operating activities in order to:

- Build an investment fund to ensure the long-term survival of Goldsmiths.
- Create sufficient financial cushion to withstand financial shocks.
- Maintain compliance with the covenants attached to our external bank debt and comply with other regulatory requirements.

2018-19 Financial headlines

We present below a high-level overview of where Goldsmiths gets its income from and how that income is spent, together with a review of our financial performance in the 2018-19 financial year.

In summary, though, the 2018-19 financial headlines are as follows:

- The financial performance for the year is dominated by the charge of £23.7 million in connection with the 2017 valuation of the USS pension scheme. Following the completion of the 2018 USS valuation subsequent to 31 July 2019, next year's financial results should see a credit of £15 million in light of lower agreed deficit recovery contributions. Although not sufficiently material to be regarded as an exceptional item, the LPFA pension scheme has also recorded a one-off expense of £565,000 as a result of the McCloud and Sargeant court rulings which concerned age discrimination within the Judicial & Fire Pension schemes respectively.
- Total income grew by 5.5% to £132.8 million, driven by a continued strong growth in tuition fee income of 8.3% with particularly strong growth in international student numbers.
- Excluding the USS pension charge discussed above, total expenditure increased by 7.6% to £135.6 million as staff costs grew to keep pace with student number growth.

- The deficit before other gains and losses increased to £26.5 million (from a deficit of £754,000 in 2017-18).
- After taking into account the gain on investments, the overall reported deficit is £26.3 million. This compares with a deficit of £674,000 in 2018-19 which benefited from a £2.2 million release of deferred donation income on completion of the construction of Goldsmiths Centre for Contemporary Art.
- As demonstrated in the table below, the underlying deficit position, after adjusting for one-off items, has worsened, and this performance is still well below the Higher Education sector average, notwithstanding the recent increase in the number of Higher Education Institutions reporting a deficit.

	2018-19 £'000	2017-18 £'000
(Deficit)/surplus as reported	(26,295)	(674)
Release of Goldsmiths CCA capital donations	-	(2,169)
USS charge	23,679	-
McCloud LPFA pension charge	565	-
(Release)/charge of one-off net costs in respect of third party supplier contracts	(461)	750
Underlying (deficit)/surplus	(2,512)	(2,093)

The net cash inflow from operating activities was £9.8 million (2018: £11 million).

- After taking into account: (i) the College's ongoing estates and IT capital expenditure programme; and (ii) the costs of servicing debt and finance leases, total cash balances (including cash held in deposit accounts) as at 31 July 2019 were £29.2 million, £2.5 million higher than at the same point in 2018.
- Net assets decreased from £93 million to £64.5 million due principally to the USS pension provision increase.

These headlines are explored in more detail in the following sections.

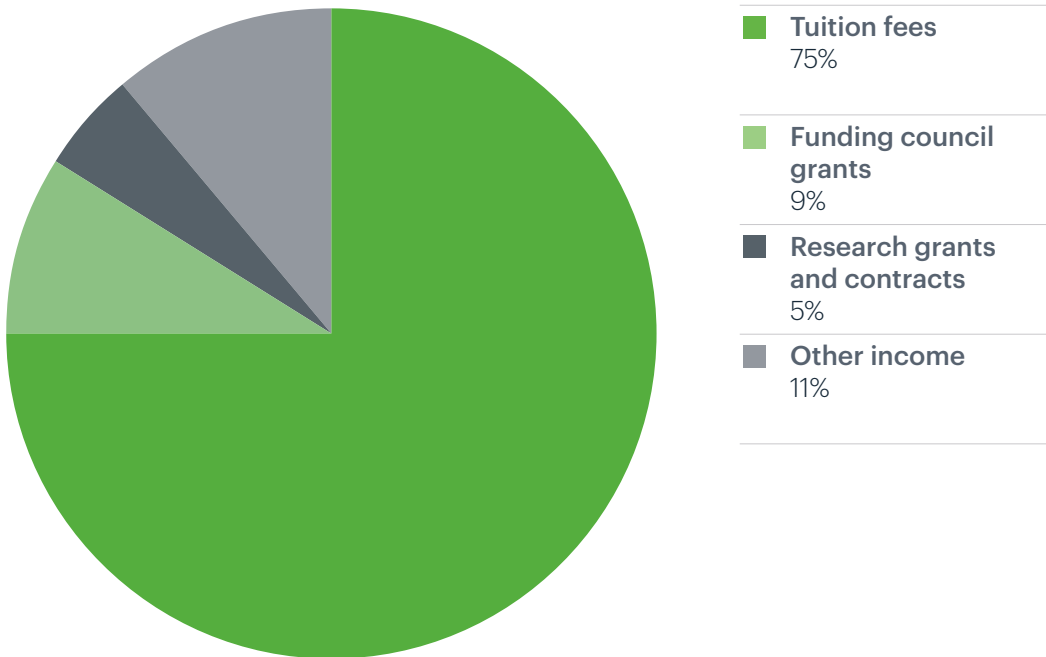
Income

In common with all UK universities, our funding structure has changed significantly over the past 10 years. In that time, our primary income source has shifted from government grants (which accounted for just over half of income in 2005-06) to student tuition fees (which accounted for 75% of income in 2018-19). This has had the effect of shifting our income from fairly stable sources to a far more market-driven (and therefore potentially volatile) revenue base where we are competing with other universities for student tuition fees.

Our main income sources are as follows:

- Tuition fees
- Funding body grants
- Research grants and contracts
- Other income

2018-19 Sources of income



Income: Tuition fees

The vast majority of income (75%) is derived from tuition fees. Of this, just over half is in respect of Home/EU undergraduate tuition fees. From 2012 to 2017, these fees were fixed at £9,000 per annum. Accordingly, the only way to grow our largest single source of income in order to cover rising costs had been to increase student numbers, which have increased steadily from 4,000 in 2012-13 to 5,100 in 2018-19 in respect of Full-Time Equivalent Home/EU undergraduates.

In 2016-17 Goldsmiths achieved 'meets expectation' status to participate in the Teaching Excellence Framework (TEF 1) and, as such, raised Home/EU undergraduate fees by £250 for the 2017-18 academic year onwards. Goldsmiths achieved a Bronze rating in TEF 2. The rating is aimed at informing student decision-making, driving and rewarding teaching quality. The key datasets are currently derived from the National Student Survey and Destinations of Leavers from Higher Education return that Goldsmiths is required to complete. Goldsmiths has a clear action plan in place for each of the measures within the framework given its Bronze award.

It was originally intended that from 2019-20 institutions with a Gold or Silver rating would be entitled to increase their fees beyond £9,250 by 100% of inflation, while institutions with a Bronze award would be entitled to increase fees by 50% of inflation. Following the 2017 election, the Government launched a Post-18 Education and Funding review (the so-called 'Augar Review') which

reported in May 2019. This recommended fees of £7,500 for Home/EU undergraduates and a reallocation of teaching grant to 'higher value' subjects. Given current political uncertainty it is not currently clear when, or even if, these recommendations will be implemented.

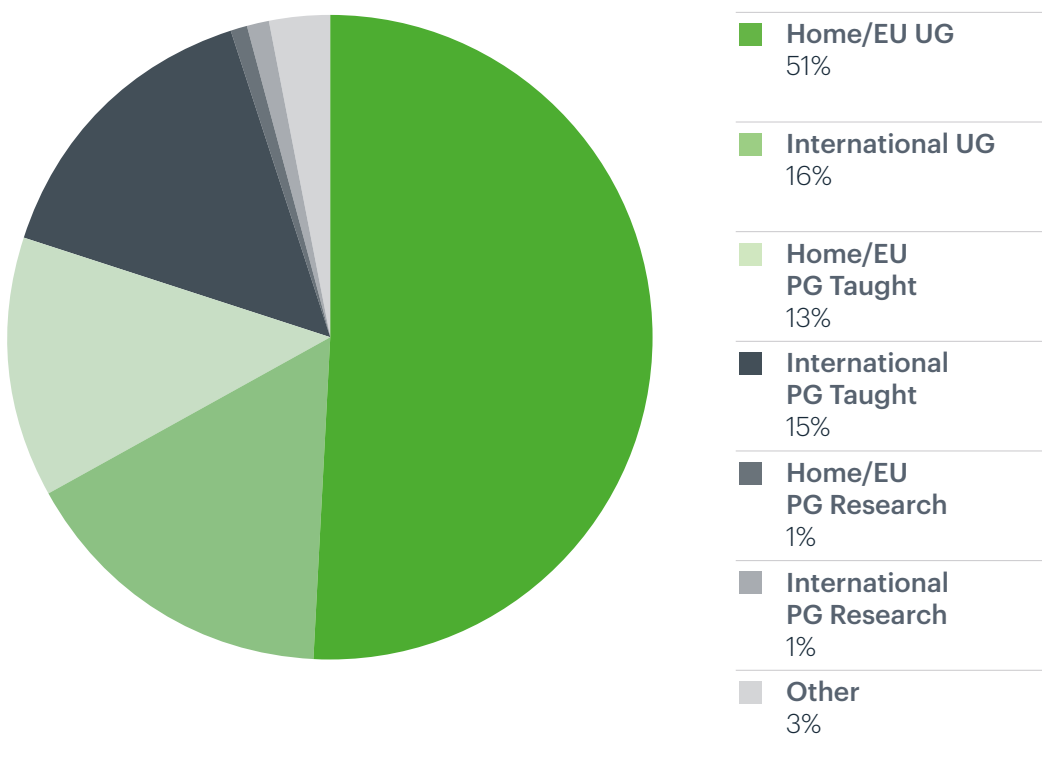
It is Goldsmiths' policy to fix undergraduate fees for each student for the duration of their study.

Until 2015-16, Home/EU undergraduate student numbers were subject to a government cap, which limited our ability to recruit. The cap was removed from 2016-17, which has resulted in greater competition for students, presenting both risks and opportunities for the College.

Most other tuition fees are not regulated in the same way and are generally subject to annual inflationary increases. Postgraduate taught courses (such as MSc and MA degrees) accounted for 28% of tuition fee income in 2018-19.

One of the major differences between undergraduate and postgraduate taught programmes is the duration of study. Undergraduate recruitment typically results in three years of income while postgraduate taught courses largely result in only one year of income, even though recruitment costs for both types of student are similar. The continuation/retention rate for undergraduate students, which are lower than the sector average, are therefore a metric that is tracked closely by SMT. Improving student retention rates is a major area of strategic focus.

2018-19 Tuition fees breakdown



Note: In the analysis in note 1 to the financial statements, part-time students have been shown as a separate category. In this chart they have been reflected within each programme type.

Funding Council grants

Grant funding is still received from the OfS in respect of some teaching activity and Research England (part of UKRI) in respect of research, and accounted for 9% of income in 2018-19. Research England research grant funding, also known as QR (Quality-Related) funding, was allocated to institutions in accordance with the results of the 2014 Research Excellence Framework (REF) exercise. Notwithstanding a generally strong performance in this exercise, with almost three-quarters of research at Goldsmiths rated world leading or internationally excellent, the overall level of QR funding was reduced, with the result that Goldsmiths' allocation fell from £7.7 million in 2014-15 to £5.5 million from 2015-16 onwards, although we have secured small incremental increases since then. A small amount of capital grant funding is still received from these government bodies, although this now constitutes less than 1% of income.

Research grants and contracts

In addition to the Research England block grant QR funding, Goldsmiths' academics also submit grant applications to UKRI and European Research Councils, as well as other charitable and commercial bodies, in order to fund specific research projects. The funding environment is increasingly competitive, with government research priorities typically favouring the so-called STEM subjects (Science, Technology, Engineering and Maths) rather than the Arts, Humanities and Social Sciences areas in which Goldsmiths specialises. Over the past three years we have seen a significant decline in EU-funded grant activity.

Other income

Other income comprises primarily fees from student accommodation and catering activities. In addition, we receive small amounts of income in respect of conferences and other events hosted on our campus. Diversifying our other income sources is a priority for Goldsmiths.

Income performance in 2018-19

In 2018-19, income grew by 5.5% to £132.8 million (from £125.9 million), reflecting:

- A strong growth in tuition fee revenue, which increased by 8.3% to £99.2 million. This is our largest income stream and consequently explains most of the overall income growth. There was growth across all major tuition fee categories, especially international students.
- Reduced government grant funding, particularly in respect of capital grants.
- A significant increase in research grant income from £4.1 million to £6.1 million as some major new grants such as *GlobalGRACE* came on stream.
- A decline in Other Operating Income, which benefited last year from the £2.2 million release of deferred donations relating to the Goldsmiths CCA.
- An increase in endowment and investment income, which is currently a small income stream for Goldsmiths. Cash balances increased and this led to higher interest income on those balances.

Expenditure

Our expenditure comprises:

- Staff costs
- Non-staff operating costs
- Capital expenditure, which is reflected in our Statement of Comprehensive Income and Expenditure as depreciation and amortisation over the life of the assets acquired
- Interest costs

In 2018-19, our staff costs stood at 61.7% of total costs, excluding the effect of the USS pension charge discussed below. This is in excess of the Higher Education sector average, based on the 2017-18 benchmark, partly reflecting the more staff-intensive nature of some of our teaching. Also, in order to operate, we need all of the administrative infrastructure of any other university, but as a smaller institution we are less able to generate the full economies of scale from that investment in administrative staff.

Of our staff cost base, 66.5% of spend relates to academic departments (including administrative staff in those departments) and 33.5% relates to central professional services departments.

Staff pay levels are determined through nationally led negotiations between universities and trade unions. Pension fund provision is made through either the London Pension Fund Authority or the Universities Superannuation Scheme. The cash cost of these schemes has increased in recent years, reflecting the deficit position of both schemes. Staff costs are also impacted by employer's National Insurance contributions.

Our people

A narrow balance sheet focused view of our assets would ignore the massive contribution that our people make to Goldsmiths. They are the very essence of the institution – its uniqueness, its values and its vast intellectual capital. None of this can be readily measured in balance sheet terms, and nor should it be.

Goldsmiths employs 1,360 Full-Time Equivalent staff, including 669 academic FTEs. We are proud of the continuing recognition being won for teaching, professional services, publications, community events, social media and research. Professional development opportunities are open to all colleagues as we aim to be at the forefront of accredited staff development. Our Human Resources Learning and Development Team continue to work closely with academic and professional services colleagues to support ongoing academic and professional development opportunities within the institution.

We are working hard to ensure that Goldsmiths maintains an environment where our staff feel respected, safe and secure. For example, our aim is to embed Equality and Diversity across Goldsmiths and make it a part of everything that we do by working together collaboratively and proactively and we were delighted to launch our renewed Equality and Diversity strategy and plan in the previous financial year to proactively work towards this aim.

Our non-pay operating costs cover all of the remaining costs of running a university including:

- Scholarships and bursaries
- Student accommodation rental costs on leased or nominated halls of residence
- Security, cleaning and maintenance costs (although the majority of cleaning provision was insourced on 1 May 2019, such that these costs form part of staff costs from that date)
- Utilities, such as gas, electricity and water

- Business rates
- Block grant to Goldsmiths' Students' Union
- Library materials including hard copy publications and electronic subscriptions
- Catering
- Student placement fees in teaching and social work
- Subscription to the University of London

We aim to ensure strong control of these costs through strong discipline over expenses, procurement compliance and supplier contract management.

Capital investment, depreciation and amortisation

In recent years, the College has increased its level of capital spend significantly compared with historical norms. This has been against a backdrop of lower capital grant funding, with increased pressure placed on our operating cash flow. However, to conserve cash, we have now reduced the capital expenditure run-rate and currently target spend of £8 million per annum: £5 million on estate spend, £2.5 million on IT spend and £0.5 million on spend within academic departments. In 2018-19, spend has been lower than this due to the deferral of some projects to future periods. For both our estates and IT infrastructure, a significant amount of spend has been required to cover the backlog of issues arising from the previous low levels of investment.

Depreciation and amortisation charges arise as capital expenditure is charged to our Statement of Comprehensive Income and Expenditure evenly over the estimated useful economic lives of the assets acquired. Our depreciation and amortisation charges continue to rise, reflecting the underlying increases in capital expenditure. Estate assets often have a long life (for example, a new building is typically depreciated over 40 years), whereas IT assets invariably have a short life (for example, 3 years for hardware, 5 years for a strategic software system). As Goldsmiths increases expenditure on shorter-lived IT infrastructure, our depreciation and amortisation charges are expected to increase over the next couple of years before stabilising as the historical backlog is cleared.

By way of explanation, it should be noted that depreciation charges are recognised in respect of tangible fixed assets, and amortisation charges

are recognised in respect of intangible fixed assets (principally computer software).

We own the freehold to the vast majority of our campus which gives us a significant degree of financial security.

Long-term liabilities and interest costs

It is not always possible to fund activity directly out of the cash flows generated by our operations. In order to undertake major capital expenditure, Goldsmiths has in the past entered into external financing arrangements which are reflected on the College's balance sheet as long-term borrowings. These take the form of long-term loans with Royal Bank of Scotland and Lloyds, together with a finance lease in respect of our Loring Hall student accommodation. Together, these arrangements represent £18.3 million of borrowing. Data from the OfS suggests that our gearing (external debt as a proportion of net assets) is currently below average for the higher education sector. The cost of servicing that debt is fairly high though, as the majority of the amounts borrowed are on standard repayment terms at rates of interest of between 5% and 6%.

We also incur interest costs in respect of our pension schemes, as the significant pension liabilities reflected on our balance sheet incur a notional interest charge as a result of a valuation technique known as discounting.

Our pension schemes

Goldsmiths employees are eligible to join either the London Pension Fund Authority ('LPFA') scheme or the Universities Superannuation Scheme ('USS'). Both are defined benefit pension schemes, although recent changes to USS have introduced a defined contribution element for higher earners. Given the current environment of low interest rates, the net deficit position of each scheme remains high and they represent significant liabilities on Goldsmiths' own balance sheet.

The 2017 valuation of the USS pension scheme was not completed in time for the June 2018 statutory deadline and the Trustee implemented so-called Rule 76 contributions to clear the deficit. It is the adoption of the deficit recovery plan within the Rule 76 provisions which has resulted in the large pension charge in the 2018-19 Statement of Comprehensive Income. A 2018 valuation has since been undertaken which has just been finalised. This new valuation will result in the level of contributions falling from the Rule 76 position, which will benefit the 2019-20 financial results.

Expenditure performance in 2018-19

The increase in total expenditure from £126.7 million to £159.3 million was dominated by the charge of £23.7 million in connection with the 2017 valuation of the USS pension scheme. Although not sufficiently material to be regarded as an exceptional item, the LPFA pension scheme has also recorded a one-off expense of £565,000 as a result of the McCloud and Sargeant court rulings which concerned age discrimination within the Judicial & Fire Pension schemes respectively.

Excluding the USS pension charge, in 2018-19 expenditure charged to the Statement of Comprehensive Income and Expenditure grew by 6.3% to £135.6 million (from £127.5 million), reflecting:

- A 9.8% increase in staff costs to £83.6 million (excluding the USS pension charge) as a result of: (i) new staff recruitment to address the higher student numbers and new programme development; (ii) ongoing investment in student facing professional services; (iii) the pay rise awarded to all staff following national negotiation; and (iv) the insourcing of cleaning staff in May 2019 which has caused a commensurate reduction in other operating expenses.
- A slight decrease in other operating expenses reflecting continued strong cost control over this area of expenditure together with: (i) the release of the remaining provision for supplier disputes which was charged in the 2017-18 financial statements; and (ii) the insourcing of cleaning staff which has seen these costs switch to staff cost spend from May 2019.
- An increase in total depreciation and amortisation charges of 9.6% to £11.9 million, driven by the ongoing investment in the estate and, in particular, shorter lived IT assets.
- Slightly lower interest charges as the principal/capital element of our bank loans and finance lease is gradually repaid.

Cash flow and balance sheet

Cash flow

In 2018-19, the net cash inflow from operating activities was £9.8 million (2018-19: £11 million). The decline reflects the increased level of deficit and a worsening of the working capital position.

Total cash balances (including cash invested in deposit accounts) as at 31 July 2019 were £29.2 million, higher than at the same point in 2018, as the College's cash flows generated from operating activities exceeded its capital expenditure and debt repayments.

Capital expenditure, which totalled £5.5 million in the year (including accrued costs), comprised a number of small estate capital projects across campus including the Great Hall, Library entrance, and access control renewal. IT spend included the ongoing renewal of hardware as well as spend on systems software.

The cash cost of servicing debt and finance leases was £2.85 million (2018: £3 million).

Balance sheet

Net assets decreased from £93.1 million as at 31 July 2018 to £64.5 million as at 31 July 2019, reflecting the significant increase in the USS pension provision and the underlying operating loss for the year. No new loans were taken out in the year. After continued repayment of debt principal, external loan and finance lease balances stood at £18.3 million at 31 July 2019 (2018: £20 million).

Budgeting and strategic planning

In order to achieve strong financial control, Goldsmiths has developed a contribution model for resource allocation whereby:

- A desired level of overall operating cash flow for the institution is set.
 - Professional services budgets are set, reflecting an assessment of academic department needs, together with a central cost budget for items such as capital expenditure and interest.
 - In light of the desired operating cash flow, professional services and central cost budgets, an overall contribution target is set for revenue-earning departments. Contribution is defined as revenue less the directly controllable costs of a department.
 - The contribution targets are then allocated out to departments and form the basis of their strategic planning and budgeting exercises.
 - Throughout, there is a degree of iteration and negotiation to ensure target setting is fair and reasonable and meets the overall financial objectives of the College.
- Departments cannot therefore look at revenue and costs in isolation, but must manage both together if they are to achieve the required levels of contribution. Our goal is to have a flexible model whereby required contribution targets can be adjusted to encourage investment in academic growth.
- ### The external environment
- Goldsmiths faces a challenging external environment, particularly in the light of Brexit and the ongoing funding pressure which a large number of Higher Education Institutions face, and both Council and SMT are attuned to the risks and opportunities that this environment presents. As in the past, Goldsmiths will continue to respond to these challenges positively drawing on the invaluable strengths of its people, its values and its uniqueness.
- Central to this is the management of strategic risk. The College's strategic risk register is reviewed regularly by SMT, Audit & Risk Committee and Council. The principal strategic risks have been identified as:
- The College might adopt too narrow/distinctive a profile such that it loses students. To mitigate this risk, Goldsmiths' Academic Development Committee supports the development of programmes in distinctive areas balancing proposed content with known market preferences through the careful use of market information. Programmes are subject to regular review.
 - The College might be slow/not sufficiently agile in the delivery of programme changes such that curriculum programmes might not be current, contemporary or appealing nationally and internationally. To mitigate this risk, the College ensures that there is ongoing annual monitoring of programme and module satisfaction at department and institution level (via module evaluation; annual programme reviews; Staff

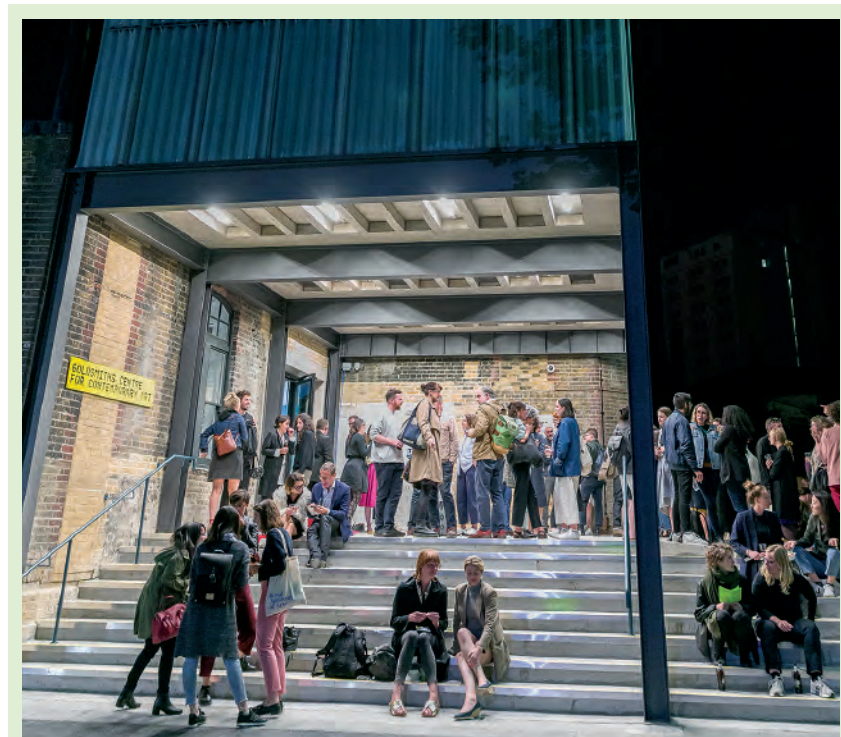
Student Forum; Department Representatives' feedback; student experience surveys; and focus groups). The risk is also addressed through Goldsmiths' updated Learning Teaching Assessment Strategy.

- The College might fail to meet the future expectations of students, such that students apply to other institutions or NSS scores might deteriorate. We seek to mitigate this risk by ensuring that the Student Representation system is strong, and that the student voice is present at decision making bodies across the institution. We also make sure that the results of student experience surveys and focus groups are provided to SMT and to Heads of Departments and are discussed and acted upon within academic and professional services departments as well as within SMT.
- The research undertaken might not be beneficial to the College such that research income falls, we might lose or fail to attract world-leading researchers and we might fail to develop new interdisciplinary and large-scale research propositions. In mitigation of this risk, we have developed the four research themes discussed earlier and provide annual seed funding to each of the four theme working groups. We are working to ensure that our central research services team is closely aligned with academic departments' need and we have recently approved a significant investment in a new research management system.

- The College might fail to recruit and retain overseas students such that we lose tuition revenue, limit diversity of national and cultural perspectives in our student population, fail to recruit current and future international ambassadors for Goldsmiths as an international institution and impact the viability of a range of academic programmes. To mitigate this risk, we regularly review our programmes to ensure that they remain relevant to international students. We also ensure that our international recruitment teams are sufficiently resourced and that their activity is appropriately targeted. A key priority is ensuring counselling

and welfare teams are resourced to meet the distinctive needs of overseas students.

- The College might fail to recruit and retain staff with international relationships and experience such that we might lose diversity and international perspective in our teaching and research and reduce international profile. We seek to provide support and guidance to our international staff and a major priority is the growth of the international postgraduate research population and international research culture within the institution.



Goldsmiths Centre for

Contemporary Art opened in September 2018. Located on the campus of Goldsmiths, University of London, Goldsmiths CCA is London's newest contemporary arts institution, and open to everyone. Hosting world-class exhibitions by international artists, and providing a space for established and emergent practices, the institution aims to enhance Goldsmiths' reputation for excellence and innovation in the arts. Curatorially ambitious,

the exhibition programme has been devised to encompass a wide-range of exhibition-making, including new commissions, historical presentations, survey exhibitions, and long-term research projects. These are iterated in response to the spaces that make up the institution, ranging from top-lit white cubes to a converted iron-lined Victorian water tank. The capital project was substantially donor funded.

- The College might fail to develop new strategic (and sustain existing) international teaching partnerships such that we reduce opportunities for student and staff mobility and lose the institutional development opportunities to expand into new and emerging markets. This risk is a major focus of our emerging internationalisation strategy and the day-to-day work of our International Development and Academic Partnerships team.
- The College might fail to engage effectively and contemporarily with the community such that relationships with other local London universities might not be developed, students might have reduced opportunities for local internships and volunteering opportunities and the local community might lose out on a valuable resource on its doorstep. In mitigation of this risk, we have developed a Community Engagement Strategy which prioritises engagement with local stakeholders; provides volunteering opportunities for staff and students; strengthens local skills and the local economy; makes our knowledge and learning accessible to the local community; and ensures we act as a “good neighbour”.
- Students and alumni might not feel part of the Goldsmiths community and the College fails to attract and retain individuals who nurture the Goldsmiths community. To mitigate this risk, we have launched a Development and Alumni Strategy which focuses on an effective and mutual engagement with the alumni community. We also actively engage with the student and staff communities through Open Meetings, regular Student and Staff News, and reports on key meetings such as Council and SMT.
- The College might fail to effectively forecast its financial position such that unplanned deficits might arise, and management information might be insufficient to support robust decision making. In mitigation of this risk, the College has developed its capability in strategic planning and budgeting, in-year reforecasting, monthly management accounting and monitoring of monthly cash position.
- The College might fail to invest in infrastructure that supports the Goldsmiths strategy such that it fails to meet students’ expectations. A key mitigation of this risk is the appropriate prioritisation of the ongoing capital spend plan, together with the development of the College’s digital strategy.





LOOKING FORWARD

Financial outlook

The primary drivers of our financial performance will continue to be:

- Continued student number growth where possible.
- A renewed focus on improving student retention and reducing attainment gaps.
- Further increases in staff costs, including higher pension contributions.
- Savings achieved from tighter non-staff cost control.
- Tight control over capital expenditure.
- The diversification of income streams.

As a result, our financial performance will remain under pressure, and a deficit is budgeted for 2019-20. Financial performance will remain well below Higher Education sector norms. This emphasises the need for continued focus on achieving a sustainable level of surplus and operating cash flow. The fundamental financial position of Goldsmiths, however, remains strong given the 2015 and 2016 capital receipts received from CLV in connection with the transfer of three student residences and, compared to the wider Higher Education sector, our relatively low level of external debt gearing.

Looking beyond the 2019-20 financial year, it is likely that the rate of student recruitment growth will remain under pressure, although the UK demographic position will begin to improve in respect of the number of 18-year-olds entering higher education. While Goldsmiths will

continue to pursue new programme development opportunities, efforts to manage our staff headcount and overall cost base will accelerate. For example, we continue to freeze staff headcount growth in non-student facing professional services departments given the significant investments made in this area in recent years. We will continue to focus on reducing non-staff cost spend as we focus on efficiencies.

Going concern statement

Goldsmiths' activities, together with the factors likely to affect its future development, performance and position are set out in the commentary above. The financial position of Goldsmiths, its cash flows, liquidity position and borrowing facilities are described in the Financial Highlights above and the cash flow statement on page 47.

Goldsmiths adopts a cautious approach to financial risk management. Funds are placed in low risk deposit accounts. While this limits the amount of financial return available, it does not expose these essential funds to undue risk.

Our external borrowings and finance leases are well established and no new debt has been taken on in the year. Our banking covenants were renegotiated in 2016 to reflect and, to the extent possible, neutralise the impact of FRS 102. We continue to meet our scheduled repayments and remain compliant with the revised covenants that attach to the external debt. Our forecasts show that this will continue to be the case. In making these statements, Council has considered forecasts that cover a period in excess of one year from the date of signing the financial statements.

We believe that Goldsmiths is well placed to manage its business risks successfully, despite the current

uncertain economic outlook and the student recruitment pressures and funding model uncertainty facing the higher education sector. Council has a reasonable expectation that Goldsmiths has adequate resources to continue in operational existence for the foreseeable future, such that the going concern basis of accounting continues to be adopted in preparing these annual financial statements.

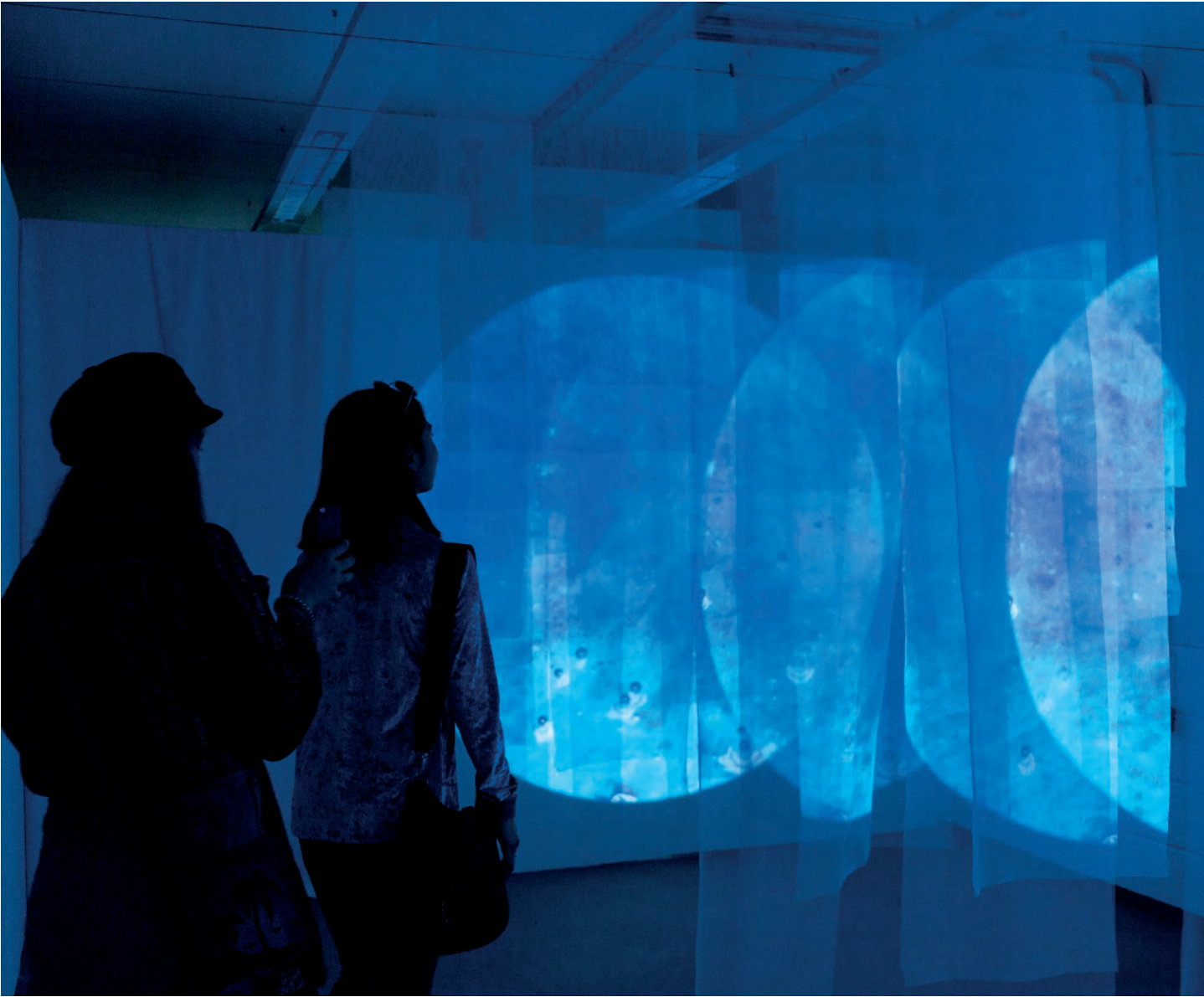
Conclusion

Throughout this Strategic Report, we have highlighted the challenges and opportunities that face Goldsmiths.

Student recruitment in 2019-20 has been significantly below target. Achievable targets were set for departments, but not all of these have been met, with Home/EU undergraduate and postgraduate recruitment particularly affected.

The coming year will not be plain sailing financially and we plan to conserve cash through a tight control of all expenditure. A major area of focus for the year will be the development and adoption of a new long-term financial strategy which will enumerate the initiatives required to ensure financial sustainability. We remain confident that the fundamental strengths of Goldsmiths, articulated in this report, will be to our great advantage as we weather continuing storms.

Dinah Caine CBE
Chair of Council



PUBLIC BENEFIT STATEMENT

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

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

In reflecting on its responsibilities under the Charities Act 2011, Council continues to have due regard to the Charity Commission's guidance concerning the need for charities to demonstrate that they operate for the public benefit. Council has also noted the requirement that, where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by geographical or other restrictions or by ability to pay any fees charged.

Education, access, opportunity and experience

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

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

Our location in Lewisham, south east London, a vibrant and improving area with a strong local authority, but still one of the most deprived boroughs in the country with a low rate of youth progression onto higher education, is important to us. From its establishment up to

the present day, Goldsmiths has nurtured its links with the local community developing a tradition of access, diversity and community engagement in our research, teaching and outreach activity. We do this in an overall context of simultaneous local, national and international recruitment across all academic departments, producing a richly diverse internal community to the benefit of all students and staff. Among the initiatives that focus on the local community are our 'Realising opportunity' scheme, and Lewisham-focused scholarships.

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

Goldsmiths undertakes outreach work with local schools and colleges through its student recruitment team in order to encourage participation from all those with potential to benefit from higher education. Our close links with schools and colleges in Lewisham and other local boroughs are at the foundation of this work and activities are often developed in conjunction with teachers and lecturers to meet the needs of their students. We work with schoolchildren of all ages, raising aspirations at all levels as well as running taster days and summer schools to give students who may be considering entering higher education the chance to experience what it might be like

to study particular subjects at university, and they also provide the opportunity to speak to university lecturers and undergraduates about their experience at Goldsmiths. The Open Book project works with those from offending and addiction backgrounds to encourage them to take up education, offering them on-going emotional and practical support throughout their course. The project has enabled adults from socially excluded groups to find places on undergraduate courses at Goldsmiths and other institutions.

Commitment to community

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

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

Local schools use College Green for their sports days, and the Great Hall for concerts and other events, benefiting many hundreds of local children and further cementing our links with the local community. We work closely with CEN8 an innovative charity on outreach with students mentoring and supporting secondary school students. Goldsmiths' Teachers' Centre works with school ambassadors to encourage closer links.

Research activities

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

The College is mindful of the need to ensure proper separation of research activities for the public benefit, which describes most of the research carried out at Goldsmiths, from consultancy for private clients, or where there may be private benefit permitted for staff (within the framework of Goldsmiths' Consultancy Policy). The Enterprise Office, which nurtures our links with business and social enterprises, and the Research Office work closely together under a unified management line. All research applications and consultancy tenders now go through the same office. This ensures that there are clear decision points in the processes to make sure that projects are correctly directed through either the research or the consultancy process. Examples of our research activities are presented in the earlier 'Goldsmiths in 2019' section.

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

Environment and sustainability

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

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

Ethical investment

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

CORPORATE GOVERNANCE AND INTERNAL CONTROL

Institutional context

Goldsmiths' College (also known as 'Goldsmiths, University of London' or simply as 'Goldsmiths' or 'the College') is a corporate body established by Royal Charter, and an exempt charity. During the financial and academic year, it operated under the Office for Students' *Terms and conditions of funding for higher education institutions* as well as the terms and conditions of the Research England Grant.

Throughout the financial and academic year, the Office for Students (OfS) has, under the provisions of the Charities Act 2011 and pursuant to the Higher Education and Research Act 2017, been the Principal Regulator of Goldsmiths. The members of Council, the governing body of Goldsmiths, are also the trustees of the exempt charity. Goldsmiths has no linked ('paragraph w') charities. Goldsmiths obtained its own degree awarding powers in 2010 for validated (off-site) provision, and these were extended to all provision in January 2018. At this time, Goldsmiths exercises these powers only in furtherance of its collaborative provision partnership with the LASALLE College of the Arts, Singapore and in the award of honorary degrees.

Goldsmiths' Students' Union is a registered charity, for which the College has supervisory responsibilities defined by Section 22 of the Education Act (1994). Two members of the Students' Union sit on Council. In December 2003 Council approved and published a statement of protocols relating to the role of Students' Union members, in recognition of the uncertainties and tensions which could arise from their dual roles as officers and as trustees of the institution.

Responsibilities of Council

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

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

- to ensure high standards of corporate governance to include integrity, objectivity, openness and transparency
- to ensure that an appropriate framework exists to manage the quality of learning and teaching and to maintain academic standards
- to be generally responsible for the welfare of students and staff
- to approve the Strategic Plan, and Key Performance Indicators to be used to monitor the performance of Goldsmiths as a whole
- to monitor Goldsmiths' delivery against the Strategic Plan and Key Performance Indicators
- to approve the annual budget
- to ensure that funds provided by the Office for Students and Research England are used in accordance with any terms and conditions of funding laid down by them and any other funding bodies
- to ensure that Goldsmiths complies appropriately with regulatory instruments and documents, including from the Office for Students.
- to approve borrowing or loans above an agreed value

- to approve contractual commitments over an agreed value and authorise Goldsmiths' signatories
 - to approve the Financial Statements and accompanying reports, including the Corporate Governance Statement
 - to approve the appointment of Goldsmiths' bankers, and internal and external auditors
 - to approve policies and strategies designed to ensure good financial and risk management, and to monitor Goldsmiths' arrangements for risk management in ways which Council shall from time to time determine
 - to approve the Articles of Governance of Goldsmiths' Students' Union, the Memorandum of Understanding between Goldsmiths and the Union, and procedures designed to ensure that the College complies with its legal responsibilities in relation to the Union's conduct of its affairs
 - to approve Goldsmiths' Health and Safety Policy and Procedures and to monitor their implementation
 - to approve the sale, purchase and lease of College land over an agreed value and/ or an agreed period of time
 - to approve building projects over an agreed value and monitor their progress
 - to be the employing authority for all staff in the institution, approve employment policies and strategies to ensure compliance with employment legislation and guidance and to monitor their implementation
 - when relevant, to approve recommendations made by a properly constituted Redundancy Committee to make academic and academic-related staff redundancies
 - to approve procedures for handling internal grievances and for managing conflicts of interest
 - to appoint the Warden, the Registrar and the Director of Finance, and to approve recommendations for the appointment of Pro-Wardens, including the Deputy Warden
 - to appoint the Secretary to Council
 - to ensure compliance with all legislation affecting the College
 - to act as appropriate in relation to the role of Council as trustees, and to ensure that Goldsmiths complies with charity law, and with the requirements of the Office for Students in its role as Principal Regulator
 - to agree proposed changes to the College's Statutes, Ordinances, General Regulations and Financial Regulations
 - to approve the establishment and termination of Goldsmiths' companies, or the institution's acquisition of a legal interest in a jointly owned company (or voluntary termination of such interest), and to ensure that appropriate arrangements are in place to monitor Goldsmiths' existing interests in companies
 - to establish processes to evaluate the performance and effectiveness of Council itself.
- The financial responsibilities of Council referred to in the Statement of Primary Responsibilities and in the

Statutes, as well as the conditions of public funding to which the College is subject, mean that Council is responsible for keeping proper accounting records, enabling the financial position of Goldsmiths to be determined with reasonable accuracy at any time, and adherence to the *Statement of Recommended Practice: Accounting for Further and Higher Education*, the *Accounts Direction* as issued by the Office for Students and other relevant accounting standards in the preparation of the financial statements.

Committed to achieving enhancement in its own practices, Council has in 2019 reviewed its effectiveness as well as that of its committees and the College's governance structure. This review was supported and its recommendations considered in detail by the Nominations and Governance Committee, a body charged with maintaining focus on the pursuit of the highest standards of governance.

Committees of Council and Academic Board

Council is responsible for determining the structure of its committee system as well as the terms of reference, composition and membership of each of the committees which report to it. The exception to this is Academic Board, whose composition and broad institutional status are established by Statute. Arrangements for enhanced reporting by Academic Board have been put in place in the year, including Council receiving a written report on Impact and risk at each of its meetings.

It is planned that there will be a joint meeting Between Council and Academic Board in each academic year going forward. No fewer than nine members of Academic Board also serve on Council.

Academic Board

Under the Charter of Goldsmiths, Academic Board is “responsible for the academic work of Goldsmiths in teaching, examining and research”. Council has a statutory responsibility to consult Academic Board, which consists mainly of heads of academic departments and elected representatives of those departments, when making decisions on academic matters. Academic Board has its own section of the committee structure reporting to it and, although Council is responsible for determining the overall design of the committee system and the Standing Orders for committees, Academic Board has autonomy in matters relating specifically to the terms of reference and compositions (constitutions) of its own committees.

The most senior committees of Academic Board are the Academic Development Committee, the Learning, Teaching and Enhancement Committee, and the Research and Enterprise Committee. Academic Board regularly reports to Council in support of the latter body’s recently enhanced responsibilities for academic governance.

Finance and Resources Committee

The Committee, among other important functions, recommends the annual budget for approval by Council each summer term and conducts termly reviews of the Management Accounts as well as receiving in-year reforecasts. It consists of independent members of Council (one of whom is Chair) as well as the Warden and the President of the Students’ Union.

Audit and Risk Committee

The Audit and Risk Committee has terms of reference based on the Model Terms of Reference in the CUC Handbook for Members of Audit Committees in Higher Education Institutions. It has conducted its business within the financial and academic year with due regard to

the *Terms and Conditions of Funding for Higher Education Institutions* with particular reference to Annex C the *Audit Code of Practice*.

The Committee’s primary responsibility is to provide Council with assurances and advice which enables Council to approve all elements of the Annual Accountability Return (including the Financial Statements), taking account of comments from the Finance and Resources Committee.

The Committee has particular responsibility to consider the Financial Statements before submission to Council. The Audit and Risk Committee also ensures that suitable arrangements are in place to promote economy, efficiency and effectiveness as well as keeping under review the effectiveness of risk management, control and governance arrangements.

The Committee holds responsibility for advising Council as to suitability and adequacy of the internal controls in operation and the arrangements in place for risk management.

Other committees

The Human Resources and Equalities Committee, the Estates and Infrastructure Committee and the External Relations Committee all have responsibilities in specific strategic areas on which they report routinely to Council and where necessity demands.

The Nominations and Governance Committee makes recommendations to Council on the appointment of independent members to Council and to its committees, generally to enable the effective conduct of business while pursuing equality and diversity, and other matters pertaining to governance.

The Remuneration Committee has delegated power to determine the salaries of senior staff, including the Warden. In undertaking its work the Committee pays due

regard to the *Higher Education Senior Staff Remuneration Code*.

CUC Governance Code of Practice

Goldsmiths adopts the CUC Higher Education Code of Governance 2014, as revised in June 2018. The College considers it appropriate to apply each of the primary elements and the supporting ‘must’ statements. Opportunities to enhance compliance with the Code have been identified within the recently undertaken effectiveness review of Council.

Trade Union Disclosure 2018-19

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on Goldsmiths to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within the organisation. The relevant data for 2018-19 is as follows:

The number of employees who were relevant union officials during the year totalled 39 staff (32 full-time equivalent).

The percentage of their time spent on trade union activity was as follows:

Percentage of time	Number of employees
0%-50%	38
51%-99%	1
99%-100%	0

The percentage of total salary costs spent on facility time totalled 0.069%.

As a percentage of total paid facility time hours, 6.25% of hours were spent by employees who were relevant union officials during the period on paid trade union activities.

Internal control

Council has responsibility for maintaining a sound system of internal control and for reviewing its effectiveness. Its pursuit of Goldsmiths' strategic objectives, the preservation and husbandry of its assets and received public funds as well as the management of any liabilities are facilitated by an approach to internal control which is based upon the identification and mitigation of strategic, operational, compliance and financial risk.

The Audit and Risk Committee monitors and reviews Goldsmiths' system of internal control on behalf of Council, the committee providing the governing body with periodic reports on the effectiveness of control arrangements.

The Audit and Risk Committee is supported by a programme of internal audit work, set out each financial year in the Internal Audit Plan. Throughout the period the Committee receives reports generated against the Plan and recommendations raised as well as management responses to these. Upon completion of the programme, the Head of Internal Audit provides an Overall Opinion.

KPMG, the College's internal auditor, has provided a Head of Internal Audit's Overall Opinion of "significant assurance with minor improvements required". This Opinion notwithstanding, the reviews undertaken during the year have presented opportunities to materially enhance controls in a number of areas, including research governance, student complaints and appeals and cyber security. These opportunities have already been actively pursued, implementing recommendations raised to strengthen the control environment. Where there is more to be done, the College is committed to taking all action necessary and deploying all resources required. One such area is cyber-security, where determined efforts are being made to increase system and individual resilience to the high volume of sophisticated attacks to IT systems that Goldsmiths and so many other sector institutions are currently facing.

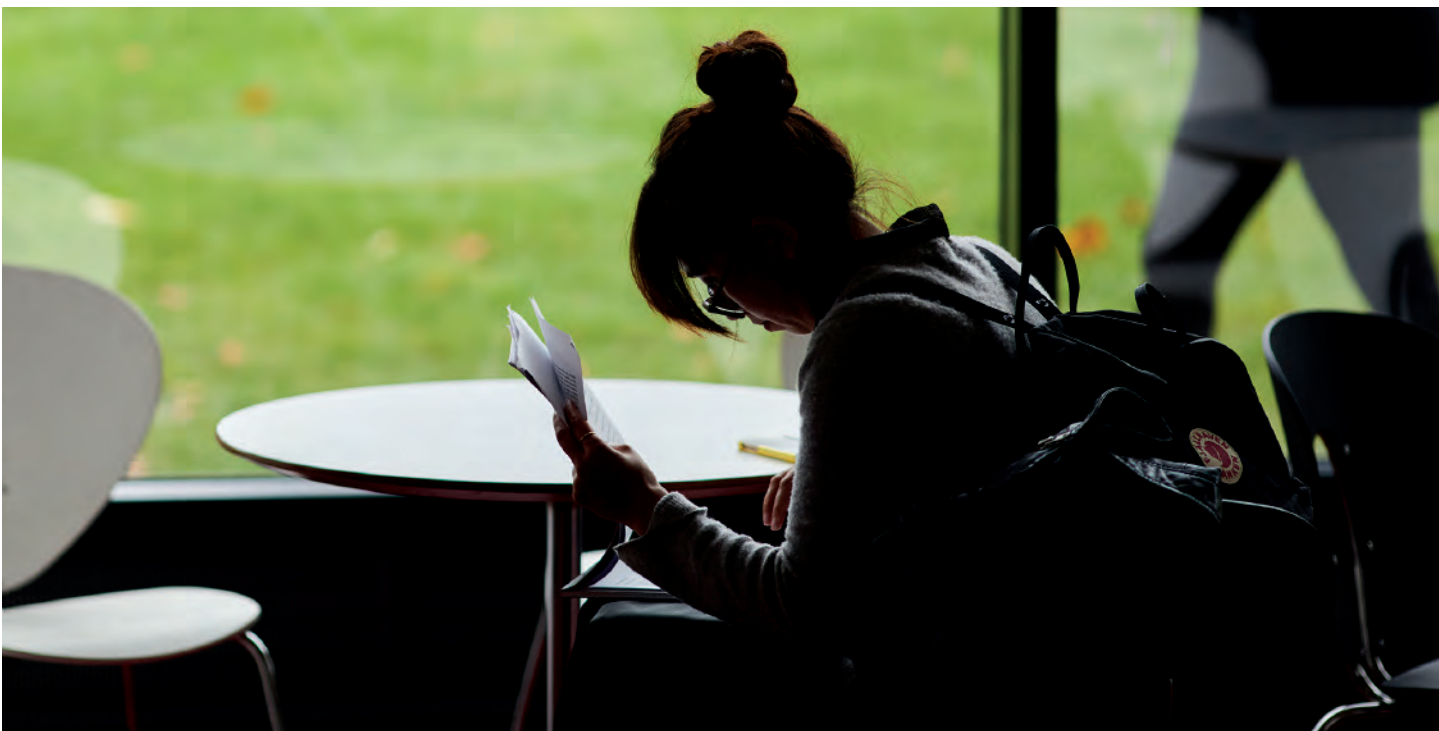
The College undertakes its Risk Management activities in accordance with the Risk Management Policy. A Strategic Risk Register is maintained, which schedules those risks that pose a challenge to the achievement of the Strategic Plan's objectives and themes and evaluates the likelihood and impact of a risk crystallising.

An Operational Risk Register is maintained, which schedules those matters that present a challenge to business continuity. The identification and management of risk being an ongoing process, both of these documents are reviewed routinely by the Senior Management Team and the Audit and Risk Committee and Council receive and consider a report on the Strategic Risk Register at all meetings. The Audit and Risk Committee receives an annual report concerning the management of risk.

External audit

On conclusion of Deloitte LLP's contract, Council conducted a re-tendering exercise for the provision of external audit services. The tender specification paid due regard to matters of audit quality, assurance and value for money. Having concluded this process, Council formally appointed BDO LLP as Goldsmiths' external auditors at its 11 April 2019 meeting.

Dinah Caine CBE
Chair of Council



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOLDSMITHS' COLLEGE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Goldsmiths' College ("the College") for the year ended 31 July 2019 which comprise Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's income and expenditure, gains and losses, changes in reserves and the College's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Council are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Public Benefit Statement and Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS’s accounts direction have been met.

Responsibilities of the Council

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting

Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

In addition, we also report to you 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 Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the College Council, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the College’s Council those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston
(Senior Statutory Auditor)

For and on behalf of
BDO LLP, Statutory Auditor
Gatwick

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

ACCOUNTING POLICIES

1 General information

Goldsmiths' College is an educational charity incorporated under a Royal Charter (England and Wales) granted on 1 January 1990. It is also known by the brand name 'Goldsmiths, University of London', or simply as 'Goldsmiths'.

Goldsmiths' College's registered address is New Cross, London SE14 6NW.

2 Statement of compliance

The financial statements of Goldsmiths' College have been prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* (FRS 102) and with the *Statement of Recommended Practice: Accounting for Further and Higher Education*.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). Goldsmiths is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain non-current assets.

b) Basis of consolidation

Goldsmiths has two subsidiaries, Pure Goldsmiths Limited and Goldsmiths Accommodation Services Limited, which have not been consolidated on the grounds that their results are immaterial to the purpose of presenting a true and fair view.

The financial statements do not include the income and expenditure of the Students' Union as Goldsmiths does not exert control or dominant influence over policy decisions.

c) Income recognition

Income from the sale of services or goods is credited to the Statement of Comprehensive Income and Expenditure when the services or goods are supplied to the external customers or the terms of the contract have been satisfied.

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

Investment income on non-endowment investments is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

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

Revenue and capital grants including funding council and government research grants are recognised as income when Goldsmiths is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the balance sheet and released to income as the conditions are met.

Donations and endowments are recognised as income when Goldsmiths is entitled to the income and performance related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the balance sheet and released to income as the conditions are met. Income from donations and endowments with donor imposed restrictions is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and gains or losses on endowment investments are recorded in income in the year in which they arise, and as either restricted or unrestricted income according to the terms or other restrictions applicable to the endowment.

d) Short-term employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to Goldsmiths. Any unused benefits are accrued and measured as the additional amount expected to be paid as a result of the unused entitlement.

e) Finance leases

Leases in which Goldsmiths assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

f) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

g) Taxation

Goldsmiths is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, Goldsmiths is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Goldsmiths receives no similar exemption in respect of Value Added Tax. VAT on inputs is included in the costs of such inputs. Any VAT allocated to fixed assets is included in their cost.

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

h) Accounting for retirement benefits

The two pension schemes in which Goldsmiths participates are the Universities Superannuation Scheme (USS) for academic, academic-related and certain senior staff, and the London Pensions Fund Authority (LPFA) for other administrative, technical, clerical and manual staff. The USS comprises both defined benefit and defined contribution elements while the LPFA is a full defined benefit scheme. Each fund is valued every three years by professionally qualified independent actuaries.

USS: Defined Benefit Scheme
accounted for on a Defined Contribution basis

Goldsmiths participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

Goldsmiths is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', Goldsmiths therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since Goldsmiths has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

USS: Defined Contribution component

A Defined Contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution pension plans are recognised as an expense in the Statement of Comprehensive Income and Expenditure in the periods during which services are rendered by employees.

Prior to 2016, Goldsmiths had no Defined Contribution plan. However, from 1 October 2016, USS introduced a Defined Contribution section to its scheme. Staff earning up to a threshold of £58,589.70 remain entirely within the Defined Benefit section, but for those earning more than that, their pension contribution for salary above the threshold is paid into the Defined Contribution section.

LPFA: Defined Benefit plan

Defined Benefit plans (such as USS for salaries up to £58,589.70 and LPFA) are post-employment benefit plans other than Defined Contribution plans. Under Defined Benefit plans, the employer's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the employer. Goldsmiths recognises a liability for its obligations under the LPFA Defined Benefit plan net of plan assets. This net Defined Benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which Goldsmiths is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

i) Intangible fixed assets

Computer software that is not an integral part of associated hardware is classified as an intangible fixed asset and is amortised over periods of up to five years.

j) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 and the 2015 SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Depreciation is calculated from the month that the asset comes into use. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Land

Land in use at 31 July 2014 was revalued to fair value by Gerald Eve, Chartered Surveyors, as at the date of transition to FRS 102 and the 2015 SORP, and is measured on the basis of deemed cost, being the revalued amount as at the date of the revaluation. Subsequent additions to Land are stated at cost.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Buildings

All buildings existing at 31 July 1993 which were revalued at 31 July 1994 by Frank Durrant Westmore and Reeves, Chartered Surveyors, have been retained at those values as deemed cost. Subsequent additions since 1994 are stated at cost.

Costs incurred in relation to buildings after initial purchase or construction, are capitalised to the extent that they increase the expected future benefits to Goldsmiths.

Freehold and leasehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Freehold buildings – new build or acquisition	40 years
Freehold buildings – long-term refurbishments	20 years
Freehold buildings – short-term refurbishments	10 years
Leasehold building improvements	remaining period of lease
Leasehold assets held under finance lease	25 years (Loring Hall)

Equipment

Equipment, including computers, software and furniture and fittings costing less than £10,000 per individual or group of related items is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment, including software that is an integral part of associated hardware, is stated at cost and depreciated over its expected useful life as follows:

Desktop computer hardware	3 years
Other plant and equipment (including furniture)	5 years

Other assets

Any works of art and other valuable artefacts purchased by Goldsmiths which are of material value are capitalised at cost.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

k) Heritage assets

A heritage asset is a tangible or intangible asset with historic, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets held at Goldsmiths are works of art. Heritage assets are excluded from fixed assets if it would not be practicable to obtain an accurate valuation at the date of acquisition or the cost of doing so would be disproportionate to the benefits of establishing

accurate valuations. Where insurance or tax valuations are available and can be reliably related to the value of the underlying asset at acquisition, these are included within fixed assets at their value on acquisition.

Heritage assets are not depreciated as their long economic lives and high residual values mean that any depreciation would not be material.

l) Investments

With the exception of endowment investments, non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Non-current endowment investments are held at fair value with movements recognised in the Statement of Comprehensive Income and Expenditure.

m) Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

n) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) there is a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives Goldsmiths a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives Goldsmiths a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

p) Reserves

Reserves are classified as restricted or unrestricted.

Restricted endowment reserves include balances which, through endowment to Goldsmiths, are held as a restricted fund.

There are two types of endowment identified within restricted reserves:

1. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and Goldsmiths has the power to use the capital.

2. 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.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore Goldsmiths is restricted in the use of these funds.

q) Financial instruments

Basic financial instruments comprise cash, demand and fixed-term deposits, loans receivable and payable and bonds. Such instruments are recognised at the transaction price and held at amortised cost using the effective interest rate method or cost. They are subject to an annual impairment review.

Investments in non-convertible preference shares and non-puttable ordinary and preference shares are measured at fair value where publicly traded or their value can otherwise be reliably measured, otherwise they are carried at cost less impairment.

Complex financial instruments include options, rights, warrants, futures and forward contracts and interest rate swaps that can be settled in cash or by exchanging other financial instruments, hedging instruments and asset-back securities. Complex financial instruments are recognised initially and held at fair value with changes in fair value taken directly to the Statement of Comprehensive Income and Expenditure. Goldsmiths has no complex financial instruments.

r) Service concession arrangements

Goldsmiths has one service concession arrangement where service delivery has commenced.

On 21 September 2015, Goldsmiths entered into a 50-year contract with a third-party provider, Campus Living Villages (CLV), for the provision and maintenance of Surrey House, Chesterman Hall and Raymont Hall student residences. The halls were brought into use for the purposes of this arrangement in October 2015 and the contract will finish on 20 September 2065.

At the end of the concession period, Goldsmiths will retain beneficial ownership of the halls of residence. Under the arrangement, CLV bears the credit risk and Goldsmiths'

exposure is limited to the term of its nominations agreement with the provider over all of the available rooms. Nominations currently run to the 2018-19 academic year and are renewable on an annual basis thereafter. The College has assessed the risk to it of payments for void periods and concluded that any such payment would not be material. Accordingly, no asset and liability has been recognised in the balance sheet.

s) Critical accounting judgements

Disposal of Student Residences

In September 2015 Goldsmiths transferred three student residences (Surrey House, Chesterman Hall and Raymont Hall) to Campus Living Villages (CLV). Goldsmiths retains the freehold interest in these residences and has granted a 50-year lease to CLV. In return for the grant of the lease, Goldsmiths received a £20.3 million capital sum.

The land remains an asset on Goldsmiths' balance sheet as it has an indefinite useful economic life. The 50-year lease of land is regarded as an operating lease to CLV and, based on the fair value of the land, £10.3 million of the capital receipt is treated as consideration for the granting of the operating lease. This element of the capital receipt is recorded as deferred income in the Balance Sheet and will be released to the Statement of Comprehensive Income and Expenditure in equal instalments over the life of the lease.

The buildings were treated as a disposal as their useful economic life was shorter than the 50-year lease granted to CLV. As such the substantial risks and rewards of ownership over their remaining useful economic life were transferred to CLV. The balance of the capital receipt (£10.0 million) was accounted for as disposal proceeds. Given that the buildings were held on the Balance Sheet at a carrying value of £7.7 million,

the gain on disposal was therefore £2.3 million and this was recognised in the year ended 31 July 2016.

Pensions

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. Council is satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and that the current schedule of contributions is the correct one to use, and have therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

t) Key sources of estimation uncertainty

Bad Debt Provision

Student and other receivables (*note 14*) are shown after deduction of an estimated provision of £3.4 million, following a review of the recoverability of balances outstanding at the year end. This review was based on an analysis of payments received during the year in respect of debt that had been outstanding at the prior year end date of 31 July 2018.

Annual Leave Accrual

Accruals and deferred income (*note 16*) includes an estimated accrual of £3.8 million for untaken annual leave allowances on 31 July 2019, that averaged 9.4 days per FTE. This has been extrapolated from a representative sample of staff annual leave records. The movement of the accrual in the year is shown in staff costs (*note 6*).

Defined Benefit Pension Schemes

Goldsmiths participates in the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority (LPFA). Both schemes are defined benefit schemes (or have defined benefit components) which are externally funded. During 2015-16 and 2016-17, the trustees of both pension schemes have agreed recovery plans to fund past service deficits. The calculation of the Goldsmiths contribution to the deficit depends on a number of factors, including: salary increases, growth of staff numbers and the discount rate on corporate bonds. Management estimates these factors in determining the net pension provision in the balance sheet (*note 23*). The assumptions reflect historical experience and current trends.

In accordance with the requirements of the SORP, the College currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS).

A new recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan.

The adoption of the new deficit recovery plan has given rise to a significant increase in the deficit provision which has increased from £12.5 million to £36.5 million. £24.3

million of this increase is attributable to the change in deficit contributions contractual commitment. In calculating this provision, Goldsmiths has estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 23.

The major assumptions used to calculate the obligation are:

	2019	2018
Discount rate	1.60%	2.13%
Average salary inflation over duration	3.00%	3.49%
Average staff number increases over duration	0.07%	0.11%

Sensitivity analysis

The sensitivity of the USS deficit provision to the principal assumptions used to measure it are set out below.

Change in assumptions at 31 July 2019	Further increase in provision
0.5% pa decrease in discount rate	£1.576 million
0.5% pa increase in salary inflation over duration	£1.546 million
0.5% increase in salary inflation year 1 only	£0.177 million
0.5% increase in staff numbers over duration	£1.593 million
0.5% increase in staff changes year 1 only	£0.012 million
1% increase in deficit contributions from April 2020	£6.988 million
1-year increase in term	£3.083 million

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 23. As at 31 July 2019, applying a discount rate of 1.3% to reflect the revised duration of the scheme and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £21.5 million, a decrease of £15.0 million from the current year end provision.

Statement of comprehensive income and expenditure

Year ended 31 July 2019

Income	Note	2019 £'000	2018 £'000
Tuition fees and education contracts	1	99,228	91,606
Funding body grants	2	12,034	12,703
Research grants and contracts	3	6,126	4,089
Other income	4	15,057	17,314
Endowment and investment income	5	341	225
Total income		132,786	125,937
Expenditure			
Staff costs (excluding USS Pension movement)	6	83,620	76,252
USS Pension movement	23	23,679	(856)
Total staff costs		107,299	75,396
Other operating expenses		37,851	38,032
Amortisation of intangible fixed assets	10	1,856	1,864
Depreciation	11	10,084	9,027
Interest and other finance costs	7	2,168	2,372
Total expenditure		159,258	126,691
Deficit before other gains and losses		(26,472)	(754)
Gain on investments	19	177	80
Deficit before taxation		(26,295)	(674)
Taxation	9	-	-
Deficit for the year		(26,295)	(674)
Actuarial (loss)/gain in respect of pension schemes	23	(2,273)	6,053
Total comprehensive (loss)/income for the year		(28,568)	5,379
Represented by:			
Endowment comprehensive income for the year		127	29
Unrestricted comprehensive income for the year		(28,695)	5,350
		(28,568)	5,379

All items of income and expenditure relate to continuing activities.

Statement of changes in reserves

	Income and expenditure reserves			Total
	Restricted: endowment	Unrestricted	Revaluation reserve	
	£'000	£'000	£'000	
Balance at 1 August 2017	3,262	25,767	58,644	87,673
Total comprehensive income for the year	29	5,350	-	5,379
Transfers between revaluation and income and expenditure reserve	-	696	(696)	-
Total movement in reserves	29	6,046	(696)	5,379
Balance at 1 August 2018	3,291	31,813	57,948	93,052
Total comprehensive income for the year	127	(28,695)	-	(28,568)
Transfers between revaluation and income and expenditure reserve	-	696	(696)	-
Total movement in reserves	127	(27,999)	(696)	(28,568)
Balance at 31 July 2019	3,418	3,814	57,252	64,484

The transfers between the revaluation and income and expenditure reserve represents the difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount, which was £696,000 (2018: £696,000).

Balance sheet

as at 31 July 2019

Non-current assets	Note	2019 £'000	2018 £'000
Intangible fixed assets	10	3,702	5,089
Tangible fixed assets	11	142,345	147,356
Heritage assets	12	111	-
Investments	13	2,738	2,513
		148,896	154,958
Current assets			
Trade and other receivables	14	9,946	7,180
Cash and cash equivalents	15	29,225	26,676
		39,171	33,856
Creditors – amounts falling due within one year	16	(25,806)	(24,308)
Net current assets		13,365	9,548
Total assets less current liabilities		162,261	164,506
Creditors – amounts falling due after more than one year	17	(28,406)	(30,223)
Provisions			
Pension liabilities	23	(68,581)	(39,801)
Other provisions	18	(790)	(1,430)
Total net assets		64,484	93,052
Represented by:			
Restricted reserves			
Income and expenditure reserve – endowments	19	3,418	3,291
Unrestricted reserves			
Income and expenditure reserve – unrestricted		3,814	31,813
Revaluation reserve		57,252	57,948
Total reserves		64,484	93,052

The financial statements were approved by Council on 20 November 2019 and signed on its behalf by

Dinah Caine CBE
Chair of Council

Professor Frances Corner OBE
Warden

Cash flow statement

Year ended 31 July 2019

Cash flow from operating activities	Note	2019 £'000	2018 £'000
Deficit for the year		(26,295)	(674)
Adjustment for non-cash items			
Amortisation of intangible fixed assets	10	1,856	1,864
Depreciation	11	10,084	9,027
Heritage assets donations	12	(111)	-
Gain on investments	13	(177)	(80)
(Increase)/decrease in debtors	14	(2,766)	2,020
Increase/(decrease) in creditors	16, 17	1,813	(772)
Increase in pension provision	23	25,549	640
(Decrease)/increase in other provisions	18	(640)	347
		35,608	13,046
Adjustment for investing or financing activities			
Investment income	5	(291)	(176)
Interest payable	7	2,168	2,372
Endowment income	19	(51)	(49)
Capital grant income		(1,338)	(3,510)
		488	(1,363)
Net cash inflow from operating activities		9,801	11,009
Cash flows from investing activities			
Proceeds from sales of fixed assets		312	-
Capital grant receipts		1,458	1,341
Investment income	5	291	176
Payments made to acquire intangible fixed assets	10	(469)	(89)
Payments made to acquire tangible fixed assets	11	(5,950)	(12,644)
New non-current asset investments	13	(48)	(52)
		(4,406)	(11,268)
Cash flows from financing activities			
Interest paid	7	(697)	(715)
Interest element of finance lease	7	(513)	(600)
Endowment cash received	19	51	49
Repayments of amounts borrowed		(584)	(776)
Capital element of finance lease		(1,103)	(962)
		(2,846)	(3,004)
Increase/(decrease) in cash and cash equivalents in the year		2,549	(3,263)
Cash and cash equivalents at beginning of year		26,676	29,939
Cash and cash equivalents at end of year		29,225	26,676

NOTES TO THE FINANCIAL STATEMENTS

1. Tuition fees and education contracts

	2019 £'000	2018 £'000
Home/EU undergraduates: full-time	50,485	49,356
Home/EU postgraduates: full-time	10,266	10,077
Home/EU students: part-time	3,734	3,577
International students	31,316	26,863
Non-credit bearing courses and other fees	3,427	1,733
	99,228	91,606

2. Funding body grants

	2019 £'000	2018 £'000
Recurrent grants		
Office for Students teaching grant	4,722	4,862
Research England research grant	5,992	5,880
Specific grants		
Office for Students/Research England other grants	567	746
Office for Students/Research England capital grants	753	1,215
	12,034	12,703

3. Research grants and contracts

	2019 £'000	2018 £'000
Research councils – UK	2,943	1,370
Research councils – EU	1,397	1,710
Research charities – UK	1,096	609
Research charities – EU	149	303
Research charities – Non-EU	121	38
Industry and commerce	248	-
Other	172	59
	6,126	4,089

4. Other income

	2019 £'000	2018 £'000
Residences, catering and conferences	9,593	9,226
Other services rendered	1,585	1,741
Other capital grants	585	2,295
Other income	3,294	4,052
	15,057	17,314

5. Endowment and investment income

	2019 £'000	2018 £'000
Investment income on endowments	102	82
New endowments	51	49
Other investment income	188	94
	341	225

6. Staff costs

	Underlying Expenditure	Annual Leave Accrual	Pension Provision Movement	2019
	£'000	£'000	£'000	£'000
Salaries and wages	63,973	142	-	64,115
Social security costs	6,353	14	-	6,367
USS pension scheme cost	8,386	22	23,679	32,087
LPFA pension scheme cost	2,505	4	1,869	4,378
Other pension costs	178	-	-	178
Restructuring costs	174	-	-	174
	81,569	182	25,548	107,299

	Underlying Expenditure	Annual Leave Accrual	Pension Provision Movement	2018
	£'000	£'000	£'000	£'000
Salaries and wages	58,508	282	-	58,790
Social security costs	5,809	28	-	5,837
USS pension scheme cost	7,635	37	(856)	6,816
LPFA pension scheme cost	2,174	11	1,496	3,681
Other pension costs	183	-	-	183
Restructuring costs	89	-	-	89
	74,398	358	640	75,396

Significant non-cash adjustments have been presented separately in the above table as additional information.

Emoluments of the Warden

	Patrick Loughrey (to 30 May 2019)	Professor Elisabeth Hill (from 1 June 2019 to 31 July 2019)	Patrick Loughrey 2018
	£'000	£'000	£'000
Basic salary	207	20	245
Allowance	13	13	15
Pension contribution to USS	5	6	12
	225	39	272

Mr Patrick Loughrey retired as Warden on 31 May 2019. Mr Loughrey left the defined benefit and defined contribution elements of the USS pension scheme on 1 October 2017 but had continued to make payments at a reduced rate in connection with death-in-service entitlements until his retirement.

Professor Elisabeth Hill was Acting Warden from 1 June 2019 until 6 August 2019 within this financial year. Professor Hill received an acting-up allowance totalling £12,571 for that period. Pension contributions to the Universities Superannuation Scheme were paid at the same rate as for other staff.

Professor Frances Corner OBE was appointed as Warden from 7 August 2019. Her emoluments will be included in the following year's disclosures.

Justification of the Warden's remuneration

The Warden's remuneration is reviewed annually by Goldsmiths' Remuneration Committee, in accordance with the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC). The committee takes account of performance and salary survey data for equivalent roles in other Higher Education Institutions and the Median Pay Ratio in Higher Education Institutions, which are taken from the annual UCEA senior staff salary survey.

In November 2018 the Remuneration Committee met to consider the Warden's remuneration. It was noted that the Warden at that time, having recently resigned, would not require consideration of his salary, which remained unchanged.

The previous Warden left Goldsmiths on 31 May 2019 and the Deputy Warden was appointed as Acting Warden from 1 June 2019 to 6 August 2019. At a special meeting of the Remuneration Committee held on Wednesday 3 April 2019 it was agreed that the Acting Warden should receive an allowance equal to 60% of the difference between her current salary and that of the previous Warden for that period. In reaching this decision the committee took account of the fact that the two-month period of transition would be relatively quiet, with no requirement to take major strategic decisions.

Warden's pay ratio

The Warden's basic salary as a multiple of the median basic pay of staff, where the median basic pay is calculated on a full-time equivalent basis for the salaries paid by Goldsmiths to its staff, was as follows:

	2019	2018
Professor Elisabeth Hill	2.8	n/a
Mr Patrick Loughrey	5.9	6.0

The Warden's total remuneration as a multiple of the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by Goldsmiths to its staff, was as follows:

	2019	2018
Professor Elisabeth Hill	5.1	n/a
Mr Patrick Loughrey	5.9	6.1

The relationship between the Warden's remuneration and that for all other employees shown above includes all academic and non-academic staff who are required to be included in real-time reporting to HMRC and who fall within the coverage requirements of the Higher Education Statistical Agency (HESA) Staff Record 2018-19. Comparative figures are stated on the same basis. They exclude the following types of staff:

- Agency staff.
- Self-employed staff.
- Staff working for Goldsmiths through an intermediary, such as a personal service company.

Higher paid staff

Remuneration of higher paid staff, except for the Warden, excluding employer's pension contributions and payments of compensation for loss of office, falls in the following bands:

	2019 number	2018 number
£100,000-£104,999	2	2
£105,000-£109,999	1	-
£110,000-£114,999	-	1
£115,000-£119,999	1	1
£120,000-£124,999	1	1

Compensation for loss of office	2019 number	2019 £'000	2018 number	2018 £'000
<i>Compensation for loss of office recorded within staff costs was as follows:</i>				
Compensation for loss of office payable to senior post-holders and number of people to whom this was payable	-	-	-	-
Compensation for loss of office payable to other staff and number of people to whom this was payable	15	174	8	89
Compensation for loss of office payable to all staff and number of people to whom this was payable	15	174	8	89

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Those staff members defined as key management personnel are listed on page 2. Staff costs includes compensation paid to key management personnel (excluding the Warden) as follows:

	2019 £'000	2018 £'000
Key management personnel compensation	883	867

Staff numbers

	2019 number	2018 number
Average staff numbers by major category:		
Teaching and research	669	637
Administrative and other	691	657
	1,360	1,294

Members of Council (who are trustees of the exempt charity) do not receive any remuneration in this capacity. The total expenses paid to or on behalf of Council members in their capacity as trustees was £5,411 (2018: £5,027). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

7. Interest and other finance costs

	2019 £'000	2018 £'000
Loan interest	697	715
Finance lease interest	513	600
Net charge on pension schemes	958	1,057
	2,168	2,372

8. Analysis of Total Expenditure by Activity

	2019 £'000	2018 £'000
Academic departments' expenditure	50,762	46,316
Central academic services	21,175	20,230
Staff and student facilities	7,626	7,370
Student bursaries and scholarships	2,859	2,832
Other administration and central services	16,888	17,658
Premises	20,244	18,183
Residences, catering and conferences	8,337	9,159
Research grants and contracts	4,648	3,088
Pension provisions movements	26,507	1,697
Other expenses	212	158
Total	159,258	126,691
Other operating expenses include:		
External auditors' remuneration in respect of audit of financial statements	57	55
External auditors' remuneration in respect of other audit services	8	39
Operating lease rentals (land and buildings)	4,751	4,576

9. Taxation

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

10. Intangible fixed assets

	Software installed £'000	Software under commissioning £'000	Total £'000
Gross Book Value			
At 1 August 2018	10,864	142	11,006
Additions in year	23	446	469
Transfer assets on commissioning	43	(43)	-
At 31 July 2019	10,930	545	11,475
Amortisation			
At 1 August 2018	5,917	-	5,917
Charge for year	1,779	-	1,779
Impairment	77	-	77
At 31 July 2019	7,773	-	7,773
Net Book Value			
At 1 August 2018	4,947	142	5,089
At 31 July 2019	3,157	545	3,702

11. Tangible fixed assets

	Land and buildings			Fixtures, Fittings and Equipment	Assets in the course of construction	Total
	Freehold	Assets held under finance leases	Other Leasehold land and buildings			
	£'000	£'000	£'000			
Gross Book Value						
At 1 August 2018	185,911	11,949	10,494	19,710	377	228,441
Additions in year	1,520	578	-	1,500	1,475	5,073
Transfers from/(to) assets under construction	139	16	-	172	(327)	-
At 31 July 2019	187,570	12,543	10,494	21,382	1,525	233,514
Depreciation						
At 1 August 2018	59,828	9,214	1,100	10,943	-	81,085
Charge for year	6,123	593	435	2,661	-	9,812
Impairment	3	-	269	2,661	-	272
At 31 July 2019	65,954	9,807	1,804	13,604	-	91,169
Net Book Value						
At 1 August 2018	126,083	2,735	9,394	8,767	377	147,356
At 31 July 2019	121,616	2,736	8,690	7,778	1,525	142,345

A valuation of Goldsmiths' land and buildings was carried out in 1994 and details of the method of valuation with the name and qualifications of the valuer are given in the Accounting Policies. The historical cost of the properties valued in 1994 is £6.381 million.

A valuation of Goldsmiths' land was carried out in 2014 and details of the method of valuation with the name and qualifications of the valuer are given in the Accounting Policies. The historical cost of the land valued in 2014 was £6.213 million and the revalued amount was £48.160 million.

Included in Fixtures, Fittings and Equipment are indefinite life assets of £23,000.

12. Heritage assets

In October 2018, following an application to the Arts Council's Acceptance in Lieu Panel, Goldsmiths acquired four valuable works of art by the artist Albert Irvin. These had been accepted by HM Government in lieu of inheritance tax from the estates of Albert and Betty Irvin. Under the conditions of acceptance, the agreed open market values remain confidential. These assets are held within tangible fixed assets as at 31 July 2019 and are valued in accordance with the amounts of tax settled by their acceptance. The assets are as follows:

Description	Tax valuation £'000
Late Last Night 1963	18
Into Black 2	18
Kastanien 2	35
Northcote 1989	40
	111

13. Non-current asset investments

	Endowments £'000	Other investments £'000	Total £'000
At 1 August 2018	2,485	28	2,513
Additions	48	-	48
Gain in market value	177	-	177
At 31 July 2019	2,710	28	2,738

Endowment investments represent permanent endowment funds that are invested with Goldsmiths' fund managers, CCLA, in its pooled Charities Ethical Investment Fund.

Other non-current asset investments are shown at cost and represent 240 £1 shares in i2 Media Research Ltd. and 27,782 ordinary shares, fully paid, in CVCP Properties plc. CVCP Properties plc is an unquoted company and the shares are stated at cost. In Council's opinion, the market value of the investment is not materially different from the cost at the balance sheet date. A 25% interest in Museifi Limited, a spin-out from the Department of Computing, is carried at £nil.

Goldsmiths has two 100%-owned subsidiary companies:

- **Pure Goldsmiths Ltd.** This company was dormant at 31 July 2019.
- **Goldsmiths Accommodation Services Limited.** This company was set up alongside the transaction with Campus Living Villages (CLV) to provide marketing services to CLV for the halls of residences that are leased to them, for a charge equal to 2% of the total student accommodation fees received by CLV. The company began trading in September 2015 and revenue for the year ended 31 July 2019 was £75,000. The company has taken its entitlement to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

14. Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Research grants receivables	2,282	1,865
Student receivables	1,931	1,207
Other receivables	1,122	859
Prepayments and accrued income	4,611	3,249
	9,946	7,180

The overall bad debt charge for the year ended 31 July 2019 was £0.1 million (2018: £1 million).

15. Cash and cash equivalents

	2019 £'000	2018 £'000
Bank balances related to unrestricted funds	28,517	25,871
Bank balances related to endowment funds	708	805
	29,225	26,676

16. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Unsecured loans	598	586
Obligations under finance lease	1,259	1,103
Trade payables	996	1,854
Social security and other taxation payable	1,840	1,602
Accruals	7,494	8,795
Deferred income	10,120	8,824
Other creditors	3,499	1,544
	25,806	24,308

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

Deferred income:		
Tuition and accommodation fees	4,564	3,960
Research grants and contracts	2,949	1,891
Other deferred income	1,155	1,362
Other grants	879	1,089
Amounts due to Funding Councils	453	522
Deferred capital grants	120	-
	10,120	8,824



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

	2019 £'000	2018 £'000
Unsecured loans	13,136	13,732
Obligations under finance lease (note 21)	3,328	4,587
Deferred income	11,942	11,904
	28,406	30,223
Analysis of unsecured loans:		
Due within one year (note 16)	598	586
Due between one and two years	606	598
Due between two and five years	1,903	1,865
Due in five years or more	10,627	11,271
Due after more than one year	13,136	13,734
Total unsecured loans	13,734	14,320

Unsecured loans comprises the following:

Lender	Year of inception	Original amount £'000	Original terms years	Term remaining years	Interest rate %	Total outstanding £'000
Lloyds Bank (fixed rate)	2006	6,850	30	17	4.980	5,326
Lloyds Bank (variable – base rate plus 0.2%)	2009	2,150	28	18	0.950	1,426
Royal Bank of Scotland (fixed rate)	2010	10,000	30	20	5.735	6,982
						13,734

The loan facilities have been provided unsecured subject to Goldsmiths providing a negative pledge over all assets.

The finance lease relates to Loring Hall, a student residence on the New Cross campus.

Deferred income relates to operating lease payments received in advance for the granting of a 50-year leasehold interest to Campus Living Villages.

18. Provisions for liabilities

	Movements in year				As at 31 July 2019
	As at 1 August 2018	Released	Added	Utilised	
	£'000	£'000	£'000	£'000	£'000
Staff restructuring	38	(9)	9	(30)	8
Other	1,392	(506)	528	(632)	782
	1,430	(515)	537	(662)	790

As at 31 July 2019, the provisions held principally reflect:

Staff restructuring

Costs associated with various departmental restructuring initiatives that are expected to be completed during the 2019-20 financial year.

Other provisions

Other provisions comprises a number of individually immaterial liabilities including appeals and complaints. The timeframe for utilisation varies by individual item.

19. Endowment reserves

	Restricted Permanent Endowments	Restricted Expendable Endowments	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2018				
Capital	2,427	456	2,883	2,879
Accumulated income	324	84	408	383
	2,751	540	3,291	3,262
New endowments	-	51	51	49
Investment income	98	4	102	82
Expenditure	(41)	(162)	(203)	(182)
Increase in market value of investments	177	-	177	80
	2,985	433	3,418	3,291
Balance at 31 July 2019				
Represented by:				
Capital	2,710	374	3,084	2,883
Accumulated income	274	60	334	408
Total	2,984	434	3,418	3,291
Analysis by type of purpose:				
Lectureships			1,815	1,683
Scholarships and bursaries			249	220
Research support			11	16
Prize funds			64	68
General			1,279	1,304
			3,418	3,291
Analysis by asset:				
Non-current asset investments			2,710	2,486
Cash and cash equivalents			708	805
			3,418	3,291

20. Capital and other commitments

Provision has not been made for the following capital commitments related to property, plant and equipment at 31 July 2019:

	2019 £'000	2018 £'000
Capital commitments contracted as at 31 July 2019	4,417	5,083
	4,417	5,083

21. Lease obligations

Total undiscounted rentals payable under non-cancellable operating and finance leases for land and buildings are as follows:

	31 July 2019			31 July 2018		
	Operating leases	Finance lease	Total	Operating leases	Finance lease	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payable during the year	4,751	1,616	6,367	4,576	1,562	6,138
Future minimum lease payments due:						
Not later than 1 year	6,573	1,673	8,246	4,551	1,616	6,167
Later than 1 year and not later than 5 years	11,667	3,824	15,491	8,826	5,496	14,322
Later than 5 years	4,395	-	4,395	6,440	-	6,440
Total lease payments due	22,635	5,497	28,132	19,817	7,112	26,929

22. Events after the Reporting Period

As set out in note 23 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £15.0 million in the obligation to fund the deficit on the USS pension which would instead be £21.5 million. This adjustment will be reflected in Goldsmiths' Financial Statements for the year ending 31 July 2020.

23. Pension schemes

	2019 LPFA	2019 USS	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
Opening balance as at 1 August	27,270	12,531	39,801	44,157
Amounts charged to staff costs:				
LPFA current service cost	3,629	-	3,629	3,583
McCloud past service cost adjustment	565	-	565	-
Net movement on USS provision (excluding interest charges)	-	23,679	23,679	(856)
	4,194	23,679	27,873	2,727
Amounts charged to interest	692	267	959	1,057
Actuarial loss/(gain)	2,273	-	2,273	(6,053)
Other movements (principally LPFA employer contributions)	(2,325)	-	(2,375)	(2,087)
Closing balance as at 31 July	32,104	36,477	68,581	39,801

The amounts charged to staff costs for USS in the above table are in respect of the agreed deficit reduction plan only. In all other respects, the scheme is accounted for on a Defined Contribution basis with no provision recorded.

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

Universities Superannuation Scheme

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. Goldsmiths is therefore exposed to actuarial risks associated with other institution's employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee Benefits', Goldsmiths therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme. Since Goldsmiths has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the Statement of Comprehensive Income and Expenditure is £23.946 million (in 2018 there was a release of £0.607 million) as shown in notes 6 and 7.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. On 31 July 2019 a valuation as at 31 March 2018 was underway but not yet complete. Since Goldsmiths cannot identify its share of the Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, Goldsmiths has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £12.5 million to £36.5 million as shown in the table above. £24.3 million of this increase is attributable to the change in deficit contributions contractual commitment.

The key financial assumptions used in the 2017 valuation are described below.

Discount rate (forward rates)	Years 1-10: CPI-0.53% reducing linearly to CPI-1.32% Years 11-20: CPI+2.56% reducing linearly to CPI+1.7% by year 21 Years 21+: CPI+1.7%
Pension Increase (CPI)	Term-dependent rates in line with the difference between the Fixed Interest and Index-Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2017 valuation
Mortality base table	Pre-retirement 71% of AMCO0 (duration 0) for males and 112% of AFCO0 (duration 0) for females. Post-retirement 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

The key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan was agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £20.7 million, a decrease of £15.8 million from the current year end provision.

London Pensions Fund Authority Local Government Pensions Scheme

The London Pensions Fund Authority (LPFA) administered Local Government Pensions Scheme is valued every three years by a professionally qualified independent actuary using the projected unit credit method, the rate of contribution payable being determined by the actuary. The latest formal valuation of the fund was at 31 March 2016. The actuarial valuation of the fund as at 31 March 2019 is under way and will set contributions for the period from 1 April 2020 until 31 March 2023.

In order to assess the Employer liabilities at 31 July 2018, the 31 March 2016 funding valuation liabilities have been rolled forward using financial assumptions that comply with FRS 102.

Life expectancy assumptions are:

	2019	2018
Males retiring today	20.0	21.0
Females retiring today	23.3	24.3
Males retiring in 20 years	21.8	23.4
Females retiring in 20 years	25.2	26.5

Financial assumptions are:

	2019	2018
Discount rate	2.1%	2.7%
Pension increase	2.4%	2.4%
Salary increase	3.9%	3.9%

Assets

The return on the Fund (on a bid-to-bid value basis) for the year to 31 July 2019 is estimated to have been 10% (2018: 6%). The actual return on fund assets over the year may be different. The estimated asset allocation for Goldsmiths College at 31 July 2019 is as follows:

Asset breakdown	2019		2018	
	£'000	%	£'000	%
Equities	27,673	54	27,286	61
Target Return Portfolio	12,899	25	9,962	22
Infrastructure	2,910	6	2,238	5
Property	4,627	9	3,455	8
Cash	2,679	6	2,064	4
Total	50,788	100	45,005	100

History of experience gains and losses

	31 July 2019 £'000	31 July 2018 £'000	31 July 2017 £'000	31 July 2016 £'000	31 July 2015 £'000
Difference between actual and expected return on assets (amount by which actual less than expected)	3,302	1,404	4,383	523	94
% of assets at end of year	6.5%	3.1%	10.7%	1.5%	0.3%
Experience gains/(losses) on fund liabilities	30	-	890	(3)	(5)
% of liabilities at end of year	0.0%	0.0%	-1.2%	0.0%	0.0%

The following results were measured in accordance with the requirements of FRS 102:

Statement of actuarial gains and losses

	Present value of defined benefit obligation		Fair value of scheme assets		Net liability recognised in the balance sheet	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Opening as at 1 August	(72,274)	(72,133)	45,005	41,114	(27,269)	(31,019)
Current service cost	(3,625)	(3,583)	-	-	(3,625)	(3,583)
Past service costs, including curtailments	(565)	-	-	-	(565)	-
Interest on assets	-	-	1,210	1,129	1,210	1,129
Interest on liabilities	(1,902)	(1,937)	-	-	(1,902)	(1,937)
Return on fund assets in excess of interest	-	-	3,302	1,404	3,302	1,404
Experience gain/(loss) on defined benefit obligations	30	-	-	-	30	-
Changes in financial assumptions	(9,750)	4,649	-	-	(9,750)	4,649
Changes in demographic assumptions	4,145	-	-	-	4,145	-
Estimated unfunded benefits paid	22	25	-	-	22	25
Contributions by members	(697)	(628)	697	628	-	-
Contributions by employer	-	-	2,379	2,141	2,379	2,141
Estimated benefits paid	1,724	1,333	(1,746)	(1,358)	(22)	(25)
Administration costs	-	-	(59)	(53)	(59)	(53)
Closing defined benefit obligation as at 31 July	(82,892)	(72,274)	50,788	45,005	(32,104)	(27,269)

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 July 2019 has been allowed for as a past service cost and has resulted in an increase in the defined benefit obligation of £565,000 as at 31 July 2019. It should be noted that this adjustment is an estimate of the potential impact on the Employer's defined benefit obligation based on analysis carried out by the Government Actuary's Department (GAD) and the Employer's liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

	31 July 2019 £'000	31 July 2018 £'000
Analysis of the amount shown in the balance sheet		
Scheme assets	50,788	45,005
Scheme liabilities	(82,892)	(72,274)
Deficit in the scheme – net liability recorded within pension provisions	(32,104)	(27,269)
	2019 £'000	2018 £'000
Analysis of the amount charged to staff costs		
Current service costs	3,625	3,583
Curtailments and settlements	565	-
Total operating charge	4,190	3,583
Analysis of amount charged to interest payable		
Expected return on pension scheme assets (gain)	(1,210)	(1,129)
Interest on pension scheme liabilities	1,902	1,937
Net charge to interest and other finance costs	692	808
Total charge to expenditure	4,882	4,391
Analysis of actuarial gain/(loss) in respect of pension schemes		
Return on fund assets in excess of interest	3,302	1,404
Experience gain on liabilities	30	-
Change in financial assumptions	(9,750)	4,649
Changes in demographic assumptions	4,145	-
Other actuarial gains	-	-
Actuarial (loss)/gain in respect of pension scheme	(2,273)	6,053
	2019 £'000	
Projected pension expense for the following year		
Service cost	4,135	
Administration	66	
Net interest on liability	648	
Net charge	4,849	

24. Related-party transactions

During the year ended 31 July 2019, Goldsmiths had transactions with a number of organisations that fall within the definition of Related Parties under FRS 102 'Related Party Disclosures'. Transactions are disclosed where members of Council and Key Management Personnel disclose an interest in a body with which Goldsmiths undertakes transactions. Due to the nature of Goldsmiths' operations and the composition of Council it is inevitable that transactions in the normal course of business will take place with organisations in which a member of Council may have an interest. All such transactions are conducted at arms-length and in accordance with Goldsmiths' Financial Regulations and normal procurement procedures.

The following are transactions between Goldsmiths and related parties where a member of Council or Key Management Personnel was also a director, trustee or member of Key Management personnel of the related party.

	Income from related party	Expenditure to related party	Balance due to related party	Balance due from related party
	£'000	£'000	£'000	£'000
Subsidiaries				
Goldsmiths Accommodation Services Ltd	75	-	-	-
Relationships with Council members				
Goldsmiths' Students' Union	-	1,206	-	-
Goldsmiths' Company	72	-	-	-
Relationships with Key Management Personnel				
London Borough of Lewisham	-	703	-	-
i2 Media Research Ltd	121	-	-	262
The Royal Society	-	14	-	-
School of Oriental and African Studies	-	21	-	-
London Universities Purchasing Consortium	-	11	-	-
Wonkhe	-	10	-	-
King's College London	-	1	-	-

Goldsmiths Accommodation Services Limited is a wholly owned subsidiary of Goldsmiths, the annual profit from the subsidiary is gifted to Goldsmiths under a deed of covenant.

The President of Goldsmiths' Students' Union is a trustee of both Goldsmiths' College and Goldsmiths Students' Union. In 2018-19 Goldsmiths provided the Students' Union with a grant and support totalling £1.206 million. It also provided postage and telephony services and some small items of equipment at cost. In addition, Goldsmiths provided accommodation and use of the IT network to the Students' Union free of charge, at an estimated cost of £0.5 million.

Council member Sir David Reddaway was Chief Executive and Clerk to the Goldsmiths' Company during the 2018-19 financial year. In 2017-18 the Goldsmiths Company pledged £215,090 over three years towards the appointment of a curator to Goldsmiths Centre for Contemporary Art. The first payment, totalling £71,617, was received on 31 August 2018.

Mr Ian Pleace, who was Goldsmiths' Director of Finance until 30 September 2019, was an independent member of the Audit Panel of the London Borough of Lewisham during the 2018-19 financial year.

Goldsmiths holds a 24% interest in i2 Media Research Limited, a media research and consultancy organisation that was a spin-out from the Department of Psychology. Mr Ian Pleace, who was Goldsmiths' Director of Finance until 30 September 2019, was a director of the company during the 2018-19 financial year.

The wholly owned subsidiary, Pure Goldsmiths Ltd, was dormant at 31 July 2019. Goldsmiths also holds a 25% interest in Museifi Limited, a media software provider, that is a spin out from its Department of Computing. There were no transactions with either party during the 2018-19 financial year, no balances were due to or from them and they are not included in the schedule above.

Goldsmiths has no connected charitable institutions.

25. Access Funds from Funding Bodies

	2019 £'000	2018 £'000
Department for Education Teacher Training Bursaries		
Balance at 1 August	194	126
Grant received from Department for Education	2,098	1,992
Disbursed to trainees	(2,270)	(1,924)
Balance at 31 July	22	194

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



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