

**Goldsmiths**  
UNIVERSITY OF LONDON

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 JULY 2013**

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# Warden's Foreword

This last year has been another busy and transformative year at Goldsmiths.

We were pleased that performance on student recruitment again has testified to both our reputation among students and prospective students as well our continuing dexterity in recruiting student numbers against the strict student number controls set down by HEFCE. This is a testament to the prominence of our academic community, the quality of the teaching experience that both academic and non-academic colleagues support and our wider role as a knowledge producing and communicating institution.

The most visible sign of our commitment to providing our students with the very best experience has been the investment in the physical estate with the opening of the new Goldsmiths Music Studios and the major refurbishment of the Richard Hoggart Building reception and forecourt which will provide a new entrance for the institution. We have many more ambitious plans for the campus, including the development of an art gallery – all of which is dependent on our ability to continue to recruit at this healthy level and the generosity of our supporters and alumni.

Off campus, we are proud that our graduates continue to make their mark on the world around us; whether leading major businesses or starting new ones; running public sector organisations; serving in parliament, or providing the contemporary cultural leadership we are known for. Our students are not taught to be followers, but to be creative pioneers and leaders. In addition to the well-known names, we are also proud to name teachers, social workers, police officers, community workers, and youth workers amongst our alumni – those who are at the front line of society's toughest issues.

We are immensely proud of our students – both present and former – and it is their individualism and creativity that makes this university such a special place to be.

Patrick Loughrey  
Warden

# Council and Committee Membership

## Council

Baroness Morris of Yardley (Estelle Morris) (*Chair*)  
Mr Patrick Loughrey (*Warden*) \*  
Mr Nick Barron (*from 1 September 2013*)  
Dr Virginia Brooke (*to 31 August 2013*)  
Professor Roger Burrows (*from 1 August 2013*) \*  
Professor Mark d'Inverno (*from 1 August 2013*) \*  
Ms Althea Efunshile (*to 31 August 2013*)  
Dr Rupert Evenett  
Mr Conrad Grant (*President of the Students' Union, 2013-14*)  
Mr James Grierson  
Mr Sebastian Hicks  
Mr Dan Lambert  
Mr Gerald Lidstone \*  
Mr Brian Lymbery  
Professor Simon McVeigh (*to 31 July 2013*) \*  
Mr Dick Melly (*Clerk to the Goldsmiths' Company*)  
Ms Jackie Morgan  
Professor Richard Noble\*  
Mr Samson Osun (*President of the Students' Union, 2012-13*)  
Professor Jane Powell \*  
Dr Barry Quirk (*from 1 September 2013*)  
Mr David Richards  
Ms Vivienne Rose \*  
Ms Cathy Runciman  
Ms Vanessa Sharp (*from 1 September 2013*)  
Ms Mary Stacey  
Dr Gareth Stanton \*  
Ms Colleen Toomey (*to 31 August 2013*)  
Dr Derval Tubridy \*  
Mr John Wadsworth (*from 1 September 2013*) \*  
Ms Jessica Wanamaker  
Mr Tom Wilson (*from 1 September 2013*)  
Mr Philip Wright  
Dr Michael Young \*

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

\*Members of the College's staff

## Audit Committee

Dr Rupert Evenett (*Chair from 1 October 2012 to 31 August 2013*)  
Mr Philip Wright (*Chair from 1 September 2013*)  
Dr Virginia Brooke (*to 31 August 2013*)  
The Earl of Harrowby  
Mr Brian Lymbery  
Dr Barry Quirk (*from 1 September 2013*)  
Ms Cathy Runciman  
Mr Robert Russell (*to 12 November 2012*)  
Mr Frank Toop

## Senior Management Team

Mr Patrick Loughrey (*Warden*) (*Chair*)  
Professor Simon McVeigh (*Deputy Warden to 31 July 2013*)  
Professor Jane Powell (*Deputy Warden from 1 August 2013, Pro-Warden to 31 July 2013*)  
Professor Roger Burrows (*Pro-Warden from 1 August 2013*)  
Professor Mark d'Inverno (*Pro-Warden from 1 August 2013*)  
Dr Michael Young (*Pro-Warden*)  
Mrs Liz Bromley (*Registrar and Secretary*)  
Ms Sally Townsend (*Director of Finance*)  
Ms Kath Clarke (*Director of Human Resources*) (*from January 2013*)

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# Operating and Financial Review

## Introduction

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

Goldsmiths has long been known for a creative and innovative approach to teaching and research. This is a major element in our success in attracting nearly 9,000 students to come to Goldsmiths to take part in undergraduate, postgraduate, teacher training and return-to-study opportunities in subjects covering the arts, social sciences, humanities and computing. We also continue to provide flexible learning and distance learning through the University of London International Programmes.

We are ranked 9th in the UK for world-leading 4\* research (Research Assessment Exercise 2008). We are committed to working closely with other research-focused universities in the UK, including other member institutions of the University of London. Once again this year we were ranked in the world's top 100 and UK's top 20 institutions for the Arts and Humanities and voted one of the top creative places to study by students.

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

## Operating highlights

We are proud of our origins as a technical and recreative institute set up in 1891 to provide educational opportunities for the people of New Cross, and we remain committed to the local community and life-long learning. Goldsmiths remains (in the words of Sir Steve Bullock, Mayor of Lewisham) "knitted into the fabric of Lewisham" and, as you will read in the Public Benefits section, we continue to be committed to supporting the brightest and the best from south-east London.

Goldsmiths alumni have, and continue to, change the world. Former students include Antony Gormley, Sam Taylor-Wood, Julian Clary, Mary Quant, Margaret Howell, Linton Kwesi Johnson, Bridget Riley, Tessa Jowell and Malcolm McLaren. The success of our art alumni is well documented – six winners of the Turner Prize have studied here – but we make equally strong contributions to many other areas. James Blake has just received the Barclaycard Mercury Music Prize having received his first nomination not long after graduating.

Our internationally-recognised Department of Media and Communications continues to shape industries across the globe and our academics have played a critical part in the on-going debates about media reform. Our Department of Sociology research places it top in the UK and has won additional grants totalling over £1m to research areas such as the 'super-rich', poverty in India and urban sensory experiences; our Department of Computing continues to build strong partnerships with industries, including M&C Saatchi, and boasts employment in relevant fields for all students within two months of graduation. Our Department of Music has been involved this year in the launch of a new independent record label NX Records and the launch of the new Goldsmiths Music Studios. Goldsmiths' academic success stems from a unique philosophy that is creative, radical and

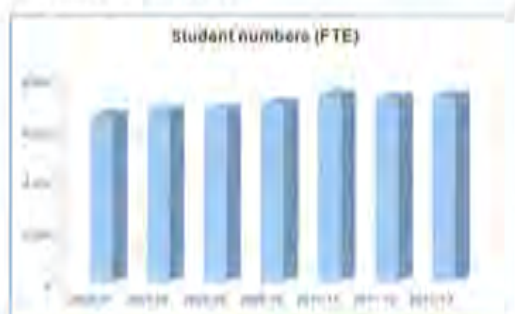


intellectually rigorous linked to a student body whose breadth and diversity helps nourish the creativity of the institution, and the College is committed to attracting the most promising academic talent from a wide range of backgrounds. Further details on the specific actions that we are taking to build on this strong tradition are outlined in the Public Benefit Statement below.

More widely, we continued to develop our strategic partnership with the LASALLE College of the Arts in Singapore. We continue to develop external partnerships with the Chinese Government through the Confucius Institute for Dance and Performance at Goldsmiths. We are grateful to the range of partners with whom we work, among which Santander have been notable for their £120,000 scholarship funding for students from Latin America.

#### Students and staff

Goldsmiths has around 4,700 full-time equivalent undergraduates and around 2,700 full-time equivalent postgraduates, 12% of them from outside the European Union. The College employs around 1,700 staff, including almost 400 academics. Our colleagues are award-winning, with accolades being won for teaching, professional services, publications, community events, social media and research. We aim to be at the forefront of accredited staff development and professional development opportunities are open to all colleagues. Alongside this, new academic staff members are encouraged to undertake an in-house programme to develop teaching skills to enhance our students' learning experience.



Goldsmiths offers a range of undergraduate, postgraduate and continuing and professional development courses. These range from the arts and humanities: art, design, drama, history, English and comparative literatures,

media and communications, music, visual cultures; the social and behavioural sciences – anthropology, politics, sociology and psychology; computing; and education, with interdisciplinary work across all areas.

Goldsmiths is proud that our students graduate as confident, independent, passionate, engaged members of society who have a sense of possibility and optimism about the future. The College aims to equip our students with the necessary skills and knowledge for them to excel in whatever they decide to pursue after graduation. Employability remains a key strand of our offer to students, supported by experts from the Careers Service, Goldsmiths' Learning Enhancement Unit, the Students' Union and other specialist areas.

Over 1,400 students at Goldsmiths currently undertake some form of placement that is related to their studies. Recent placement organisations have included Google, the Barbican, Friends of the Earth and The Wall Street Journal. We have made a commitment to increase this number over the next two years and have recruited a work placements manager to achieve this.

There has been continued improvement in our National Student Survey results, especially those relating to students' satisfaction levels in general with student satisfaction with the learning experience increasing to 84% (83% in the previous year). The quality of our teaching – which has always been ranked highly – remains good. This is a promising indication that efforts to improve student satisfaction are continuing to work.

Enhancing the quality of the student experience remains a key priority, evidenced by increased investment in the College's core estate and on-going improvements to IT services and systems. The refurbishment of teaching rooms across the College has continued through a rolling programme for refurbishing and upgrading our main teaching spaces.

#### Research and enterprise

There has been significant strategic investment in supporting research activity and the development of postgraduate research (PGR) students

and research staff over the past year. In particular:

- The additional post of Pro-Warden (Interdisciplinary Development) has been created from 1 September 2013 to support the development of interdisciplinary research centres and the co-ordination of large strategic research grant bids and Professor Roger Burrows (Sociology) has been appointed to the new role.
- The Research Office team has been enlarged and paid internships have been created, enabling dedicated support for our growing portfolio of international collaboration and funding applications and providing assistance for academic staff in developing and disseminating impact case studies.
- The College has fully funded five new doctoral studentships to match those awarded to Goldsmiths students via the ESRC doctoral training centre.
- Following a review of College systems and processes for supporting the career development of research staff, an action plan was created and implemented which led to the recent award of the European Commission HR Excellence in Research badge.

These investments are enabling implementation of various strategic developments. In particular the Research and Enterprise Committee oversees three initiatives:

- The Large Grants Strategy Group is chaired by Professor Burrows (Sociology) and involves a network of Goldsmiths academics who have themselves made or evaluated successful grant bids. The group has been constituted to (a) stimulate the development of high calibre applications, particularly those which benefit from interdisciplinarity; (b) provide internal critique, evaluation, and enhancement of applications; and (c) orchestrate complex bids for very large awards. It will both address pressing issues from Research Councils relating to demand management and enhance cross-departmental working and engagement.
- The Public Engagement Group, chaired by Professor French (Psychology), will develop, disseminate, and support a cross-College strategy to build on good

practice in implementing the principles of the Concordat for Public Engagement with Research.

- The Impact Strategy Subgroup, chaired by Julie Taylor, Head of Enterprise, is taking oversight of a range of interconnecting mechanisms / policies / support systems relevant to maximizing the societal benefits of the College's research, and to share good practice across all academic departments.

There has also been a concerted focus on embedding the principles of the Concordat for the Career Development of Researchers. A Concordat Implementation Group oversaw the development of the action plan which culminated in the HR Excellence in Research award, and continues to monitor progress and report to Research and Enterprise Committee, building on the Code of Practice for the Career Management and Development of Contract Research Staff.

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

Goldsmiths' researchers continue to be successful in bids to the UK research councils as well as winning funding from the European Research Council (ERC). The remit of the FP7 "Ideas" Programme is specifically to enable truly creative scholars to take risks by going beyond established frontiers of knowledge and crossing disciplinary boundaries.

#### **Research Centres**

A key element of research activity in Goldsmiths is the development of research centres and units. During 2012-13, the following new centres and units were established:

- The Centre of the Body, hosted within the Department of Theatre and Performance and entailing collaboration and co-directorship with the Department of History;
- The Topology Research Unit (TRU) within the Department of Media and Communications; and
- The International Laboratory for Interdisciplinary Investigations into Individual Differences in Learning (INLAB) within the Department of Psychology.

#### **REF2014 Preparation**

The Research Excellence Framework (REF) is intended to provide a basis for assessing the quality of research across the whole higher education sector in the UK. Work continued during 2012-13 on the REF building on the Goldsmiths' Code of Practice for the Selection of Staff for REF2014 approved in July 2012.

An Impact Case Study working group (reporting to our Research and Enterprise Committee) has identified potentially strong case studies for all submissions and is providing practical support and advisory input to the development of effective narratives. The 'Goldsmiths - Making a Difference' whole-day event held in February 2013 show-cased achievements in research from across Goldsmiths and was attended by interested stakeholders including representatives from Research Councils, HEFCE, and the University of London and other external partners as well as by members of Council and staff.

## Financial highlights

### Overview

The historic cost surplus was £4.9m in 2012-13 (up from £2.5m in 2011-12), an increase of £2.4m in the year. This demonstrates our commitment to achieve financial surpluses to enable us to reinvest in infrastructure in order to continually improve the facilities provided for our students and staff and to visitors to campus.

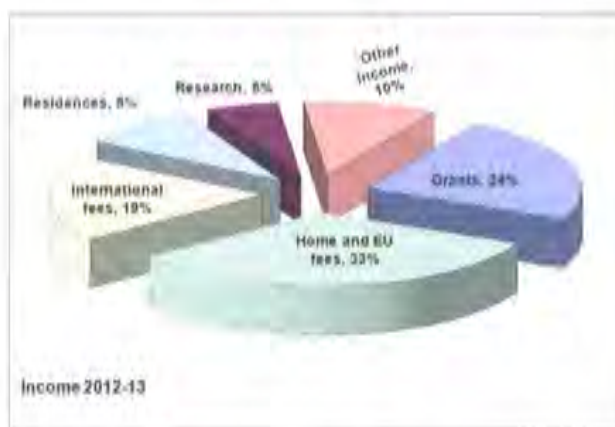
### Summary Outturn Statement 2012-13

Financial Highlights			
	2012-13	2011-12	Change
	£'000	£'000	%
<b>Income</b>	<b>90,866</b>	<b>82,802</b>	<b>9.2%</b>
Staff	30,822	30,010	1.5%
Non Staff	25,865	31,158	15.1%
<b>Expenditure</b>	<b>86,708</b>	<b>81,176</b>	<b>6.8%</b>
Surplus on continuing operations	4,158	1,724	
<b>Historical cost surplus</b>	<b>4,950</b>	<b>2,519</b>	
% of income	5.3%	3.0%	

### Income

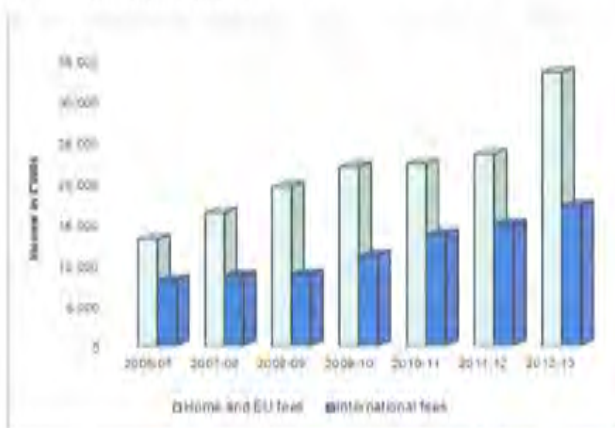
Income in 2012-13 has increased by £7.9m to £90.9m, an overall increase of 9.6% from 2011-12. Following the trend in recent years, there has been increased income from tuition fees – predominantly reflecting growth in international student fee income – and a continuation of the increase in income generated from the College’s residences, catering and conference facilities. Goldsmiths is seeking to increase its income by the provision of conferencing and related services to third parties, which are not funding body dependant, and this revenue increased to £1.2m in 2012-13 (2011-12: £1.1m). In line with the transition to the new fees regime and changes to funding across the sector, funding body grants recognised in the accounts fell by £6.9m in the year (a reduction of 24.6%). Research continues to contribute significantly to overall income although there was a slight drop in the income recognised in the year to £5m (from £5.4m in 2011-12).

Goldsmiths’ income was made up as follows in the last year:



### Tuition fees

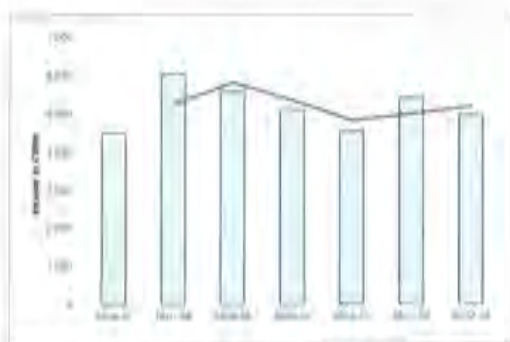
As would have been expected from the new funding regime, fee income has risen significantly. Total income from tuition fees and support grants has risen by 32.1% against the previous year to £50.3m in 2012-13 (2011-12: £38m). International fee income has shown growth in the year of 16% (up from 9% in the previous year).



### Research

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

The following chart shows the total Research related income recognised in each year over the last five years.



Our research and enterprise strategy aims to grow our income from grants and contracts, and to thereby reduce Goldsmiths' reliance on funding from HEFCE. After a steady increase between 2005-06 and 2007-08, from what was a low baseline, income increased in 2011-12 but the current year saw a decline to £5m (2010-11: £5.4m). This largely reflects the timing of expenditure as income will generally be released to match the associated expenditure. As noted above in the Operating Review, the improvement in recent years in achieving research funding reflects considerable success in winning funding from the European Research Council (ERC), establishing the College as a significant force in interdisciplinary research. An analysis of the "pipeline" for research grants suggests that 2013-14 research grant income should achieve the current level of around £5m a year, thus stabilising and enhancing the College's research activity.

#### Expenditure

Total expenditure increased by £5.5m (6.0%) in the year. There have been increases in expenditure in some student facing services which reflects the need to meet increased student expectations under the new fees regime.

Staffing expenditure remained relatively stable with costs rising by 1.6% only slightly above the pay settlement (1%). Other operating expenditure has increased by £4.7m or 15.1% in the year to £35.9m. The most significant increase (£1.2m) has been in Residences, Catering and Conference Services which reflects increased activity, with costs offset by increased income in the service.

#### Balance Sheet review

The College closed the year with net assets of £62.6m (after taking into account the pension liability of £15.7m),

a net increase of £6.7m from the position at 31 July 2012 of £55.9m. Excluding movements on the pension liability, there was an increase in net assets of £9.4m.

The year-end cash and current asset investments position was £33.3m (2011-12: £28.6m).

#### Capital expenditure

Goldsmiths invested £6.1m in buildings and equipment assets during 2012-13 (2011-12: £5.2m). The College is committed to an extended programme of investment totalling £8m in 2013-14.

The key items of estates capital spend in the year were work on the Richard Hoggart Building Reception and Forecourt (expected to complete early in 2013-14), works at Deptford Town Hall, the completion of the new Music Studios, and the rolling programme of refurbishment of shared teaching spaces in the Richard Hoggart Building, significantly improving the quality of accommodation provision on campus. IT enhancements include development of a new web portal and enhancements to student email and web facilities.

#### Endowments

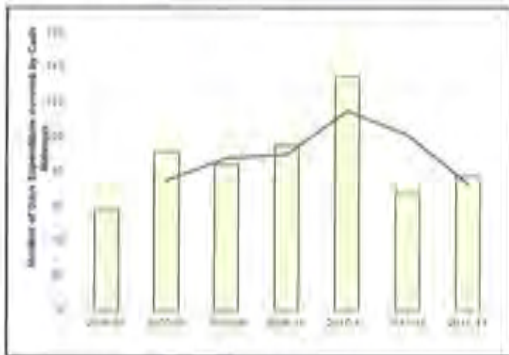
Goldsmiths' endowments are invested in bonds, a pooled equity fund and cash deposits to generate income to contribute to academic posts and other areas of expenditure, and to enhance the capital value of the fund over time. In 2012-13 the fund showed a change in market value of investments of £37k (2011-12: £59k). The value of endowment assets on the balance sheet has increased by a net £59k to £2.5m in the year (2010-11: £2.4m).

#### Cash and investments

Goldsmiths' cash and current asset balances have improved during 2012-13, with a balance at year end of £33.3m (2011-12: £28.6m). The long term loan commitments have reduced by £0.5m in the year to £16.6m (2011-12: £17.1m). External borrowing at year end was 19.1% of income (2011-12: 20.7%). The loans include a loan from Lloyds TSB to fund the acquisition of halls of residences freeholds and further borrowing from both Lloyds and Royal Bank of Scotland to fund the construction of the New Academic Building. These facilities are provided unsecured subject to the

College providing a negative pledge over all assets.

The chart below shows the amount of cash and short term investments (liquid resources) held at the year-end expressed in terms of number of days of expenditure. Our Financial Strategy included a target minimum cash balance of 40 days of expenditure and the table shows that it has been comfortably exceeded in the past five years. This compares well with performance on liquidity across the sector.



**Going concern**

The College’s academic activities together with the factors likely to affect its future developments, performance and position are set out above in the operating sections of this report. The financial position of the College, its cash flows, liquidity position, borrowing facilities and banking covenants are also described here and in more detail within the Notes to the Accounts. The College has significant resources including £33.3m cash together with funding from HEFCE, research grants, contracts with customers across different geographical areas and a student base drawn from both the UK and internationally. As a consequence, the Council believes that the College is well placed to manage its risks successfully despite the uncertain economic outlook.

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

**Pensions**

A significant aspect of the Financial Statements is the amount included in the balance sheet in respect of the FRS 17

(Retirement Benefits) pension deficit of the London Pensions Fund Authority (LPFA) pension scheme of which the University’s administrative and support staff are members. The deficit has reduced by £2.7m in the year to £15.7m (2010-11: £18.4m), which reflects a change in the actuarial value of the scheme assets as measured at 31 July 2013 by the LPFA scheme’s actuaries.

Academic staff are members of the Universities Superannuation Scheme (USS). As member institutions of the USS are unable to identify their potential share of the underlying assets and liabilities of the USS scheme on a consistent and reasonable basis, the FRS 17 accounting standard requires that the scheme is accounted for as a defined contribution scheme. This means that the College does not include any scheme surplus or deficit in the balance sheet for USS. The College continues to engage with sector wide bodies on the future of the USS and how the future costs associated with the scheme can best be managed. Further information on the two pension schemes is provided in the detailed notes to the accounts.

**Risks and uncertainties**

Goldsmiths’ risk management approach aims to help Council Members and senior staff to consider risk, its probability and impact and to ensure that the controls in place for management and mitigation purposes operate in a consistent manner. Central to the approach is regular monitoring of the significant risks by the Senior Management Team which allows appropriate actions to be taken. The process also recognises that risk exposure varies with new activities, or changes to existing activities and therefore regular reviews are conducted. Further improvements are underway to ensure that risk is considered and risk management is embedded in decision-making across the College.

Management of financial risks continues to focus on the challenges arising from the changes in the funding regime. This includes managing the potential risks of increased volatility arising from changes to student number control, the on-going need to delivering sustainable surpluses, and the requirement to maintain the Goldsmiths’ long-term capital investment programme, including an extensive campus refurbishment programme. The

focus on a sustainable financial position enables us to invest, to maintain the quality of our work and to operate successfully in a period of change. Our financial strategy focuses on a number of key elements: diversifying and increasing income; continuously improving the efficiency of our operations; and developing a capital plan which enables us to invest in the estate without financially over-committing the institution. The work done previously on managing reductions in funding from both HEFCE and the National College for Teaching and Leadership (formerly the Teaching Agency) has shown through in the 2012-13 financial year.

At the centre of our ambitions, and therefore listed on our risk register, is the need to continue to adequately maintain and enhance our infrastructure and in particular our physical estate. Significant reductions in capital funding from HEFCE, coupled with the challenging nature of our estate which includes a number of listed buildings which are more costly to maintain, means that this risk remains significant for Goldsmiths. We have a strong capital investment plan, albeit one that we are likely to need to fund from current cash reserves, at least in the short term. Goldsmiths' objective to continue to improve student experience and knowledge production means that we must be both efficient and effective in the way we support our academic activities. 2012-13 saw significant further investment in our information systems to ensure that we are able to operate smoothly and effectively, in a way that meets student and staff expectations and to provide good and reliable management information. The Professional Services restructure which is expected to be completed in the coming year will improve the organisation and quality of support departments building on the changes to senior management staffing in the last year.

## Public benefit statement

### Public benefit

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

to advance knowledge, wisdom and understanding by teaching, study, public service and research, and to

make available to the public the results of such research.

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

### Achieving public benefit: our strategy

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

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

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

### 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 the College. Other beneficiaries include those who later benefit indirectly from the skills which they acquire, such as pupils of those who qualify as teachers (an area in which Goldsmiths has a particularly long history of distinguished public service).

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.

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

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

#### **Commitment to Community**

Goldsmiths' commitment to the local community is embedded in the

operations of the 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 colleges) which meet the College's strategic aims as well as benefiting the public. Many student placements are of direct benefit to community centres, schools, hospitals, charities and arts organisations. The Library provides access to printed materials to any member of the public needing the collections for their private research purposes.

We also run innovative events for younger members of the local community and further afield who are invited to take part in our annual Big Draw campaign which comprises a wide range of drawing and storytelling activities led by our PGCE Art and Design and PGCE English students. Design and delivery of the Big Draw event is now a fundamental element of these courses and attracts around 500 children and their family each year. In addition, local schools use the 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.

#### **Research Activities**

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

The College is mindful of the need to ensure proper separation of research activities for the public benefit, which describes most of the research carried out at Goldsmiths, from consultancy for private clients, or where there may be private benefit permitted for staff (within the framework of the College's 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.

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

#### **Environment and Sustainability**

Commitment to the environment and sustainability is built into the management of the physical estate. Within our Estates and Facilities Department, the Energy and Environmental Manager has a wide-ranging remit relating to making environmental improvements, including improvements in the energy efficiency of the campus.

Goldsmiths recently installed photovoltaic panels on the roof of the Richard Hoggart Building and the New Academic Building. These will reduce carbon emissions by approximately 2% across the whole campus. Goldsmiths received approval in late 2012-13 for external funding to support our RE:FIT energy condition improvements which will allow us to further reduce our carbon emissions, building on the work in recent years.

#### **Ethical Investment**

Although Goldsmiths has a relatively small investment portfolio from its endowment funds, the College has an Ethical Investment Policy which 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. This is one way in which Goldsmiths helps to avoid any detriment or harm resulting from its activities.

## Looking forward

#### **Outlook**

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

While our expenditure has also been subject to upward pressure, the College has successfully undertaken action to control costs. The Professional Services restructuring should enable us to provide more effective central support services for students and to support academic staff. The establishment of the new Strategic Projects Office will support our continuing drive to improve the value for money achieved by the College through more effective cross organisation working on key projects.

The Strategic Plan for Goldsmiths (approved in Summer 2012) sets out how the College will respond to and flourish in the context of the changed funding regime for higher education and increased competition across the sector, both in the UK and internationally. From a financial perspective, the strategy continues to focus on increasing net income and outlines plans to diversify our income sources, building on and expanding our academic offering, brand and expertise.

The re-organisation from September 2013 of academic departments into schools drawing together near cognate disciplines will facilitate closer working across academic departments and help focus professional services support. We remain confident that we are in a

position to respond to the challenges, and generate the surpluses necessary, for Goldsmiths to invest in its infrastructure, academic practice and the student experience.

**Conclusion**

2012-13 has been a year of investment in staff, facilities and estate to ensure sustained improvements in its overall academic and financial performance while maintaining the essential characteristics that make Goldsmiths a leading and highly distinctive UK higher education institution.

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

Patrick Loughrey  
Warden

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# Corporate Governance and Internal Control

## Institutional Context

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

The College's 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 for the whole College.

## Responsibilities of Council

In accordance with the Charter and related Statutes, Council is responsible for oversight of the College's affairs, including ensuring an effective system of internal control (detailed below). The Primary Responsibilities (reserved powers) of Council were approved by Council in December 2003, minor amendments being introduced subsequently, and are currently as follows:

- to ensure high standards of corporate governance to include integrity, objectivity, openness and transparency;
- to approve the Strategic Plan, and Key Performance Indicators to be used to monitor the performance of the College as a whole;
- to monitor the College's delivery against the Strategic Plan and Key Performance Indicators;
- to approve the College's Annual Report
- to receive copies of annual planning submissions to the Higher Education Funding Council for England;
- to approve the annual budget;
- to ensure that funds provided by the Higher Education Funding Council for England (HEFCE) are used in accordance with the Financial Memorandum, and that the conditions of funding of any other funding bodies, including the National College for Teaching and Leadership (NCTL, formerly the Teaching Agency) are similarly met;
- to ensure that the College complies appropriately with other regulatory documents from the Higher Education Funding Council for England which are for the time being in force;
- to approve borrowing or loans above an agreed value;
- to approve contractual commitments over an agreed value and authorise College signatories;
- to approve the Financial Statements and accompanying reports, including the Corporate Governance Statement;
- to approve the appointment of the College's bankers, and internal and external auditors;
- to approve policies and strategies designed to ensure good financial and risk management, and to monitor the College's arrangements for risk management in ways which Council shall from time to time determine;
- to approve the Articles of Governance of the Goldsmiths Students' Union,

the Memorandum of Understanding between the College and the Union, and procedures designed to ensure that the College complies with its legal responsibilities in relation to the Union's conduct of its affairs

- to approve the College's Health and Safety Policy and Procedures and to monitor their implementation;
- to approve the sale, purchase and lease of College land over an agreed value and/or an agreed period of time;
- to approve building projects over an agreed value and monitor their progress;
- to approve employment policies and strategies to ensure compliance with employment legislation and guidance and to monitor their implementation;
- to approve recommendations made by a properly-constituted Redundancy Committee to make academic and academic-related staff redundancies;
- to approve procedures for handling internal grievances and for managing conflicts of interest;
- to appoint the Warden, the Registrar and Secretary and the Director of Finance, and to approve recommendations for the appointment of Pro-Wardens, including the Deputy Warden;
- to appoint the Secretary to Council;
- to ensure compliance with all legislation affecting the College;
- to act as appropriate in relation to the role of Council as trustees, and to ensure that the College complies with charity law, and with the requirements of HEFCE in its role as Principal Regulator;
- to agree proposed changes to the College's Statutes, Ordinances, General Regulations and Financial Regulations.

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

Council conducts quinquennial reviews of its own effectiveness. The establishment of the new Legal and Governance Services directorate within the Professional Services will enable more focused governance support to be provided and this will include a broad effectiveness review of the College's committees and governance structure, including terms of reference and membership of committees.

## Committees of Council

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

### Academic Board

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

### Finance and Resources Committee

The Committee, among other important functions, recommends the annual budget of the College for approval by Council each Summer Term and conducts termly reviews of the Management Accounts. It consists of independent members of Council (one of whom is Chair), the Warden and the President of the Students' Union.

### **Audit Committee**

The Audit Committee has terms of reference based on the Model Terms of Reference in the CUC Handbook for Members of Audit Committees in Higher Education Institutions, published as HEFCE 2008/06. Its primary responsibility is to provide Council with assurances and advice which enables Council to approve the Financial Statements Since Autumn 2011, the draft Financial Statements have also been considered by Finance and Resources Committee, which meets before Audit Committee, in order to provide advice to Audit Committee as necessary.

### **Other Committees**

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

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

### **CUC Governance Code of Practice**

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

with its stakeholders. In response to a recommendation from the Panel which undertook the 2008-09 Effectiveness Review of Council, Council has agreed that this responsibility should rest with Council as a whole.

### **Internal Control**

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic aims; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2013 and up to the date of approval of the Financial Statements, and accords with HEFCE guidance.

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

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- periodic reviews of key performance indicators, and consideration of actual indicators annually;
- continuous review of risk exposure by Senior Management Team which receives regular updates to the Risk Register;

- regular reporting of the Risk Register to Audit Committee;
- consideration of major initiatives involving financial or reputational risk, whether academic or non-academic (e.g. large-scale new collaborative provision);
- at least three times per year reviews of Management Accounts by Finance and Resources Committee;
- reporting and updates of forecast out-turns;
- clear definitions of the responsibilities of, and the authority delegated to, Heads of Departments and Directors of Academic Areas;
- clearly-defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the Council;
- Financial Regulations, together with a table of Financial Authority Limits for committees, approved by Council, supported by more detailed financial controls and procedures published by the Finance Department and by specialist policy documents (e.g. on fraud and whistleblowing) approved by Council, Audit Committee or Finance and Resources Committee as appropriate;
- a Conflicts of Interests Policy which deals with the declaration and handling of all types of conflict, including related party transactions (and which enables the publication of a Register of Interests);
- reports on the outcomes of major external audits of academic quality.

There are no significant internal control issues to report for 2012-13 or up to November 2013, as defined by HEFCE guidance. In its Annual Report for 2012-13, Internal Audit could only provide limited assurance on aspects of the College's Payroll and HR procedures and Student Enrolment systems.

Management have provided detailed responses to Internal Audit's reports on these areas with agreed actions to address the areas of limited assurance which are being implemented in 2013-14. As with all internal audit recommendations, these will be monitored during the year by Senior Management Team and reported back to Audit Committee.

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

- receipt of Audit Committee Minutes, detailing the Committee's oversight of internal control procedures, including receipt of regular reports from the Head of Internal Audit;
- continuing initiatives to develop a more robust approach to the management of risk and value for money;
- oversight by Audit Committee of issues related to data quality;
- receipt of Annual Reports from its most senior committees;
- the receipt of reports from managers concerning progress on key projects (or alternatively receipt of assurances from other designated committees that such reports are being received by those Committees on Council's behalf).

Council's on-going review of the effectiveness of the system of internal control is informed by Internal Audit, which operates to standards defined in the HEFCE Audit Code of Practice and which has been reviewed for effectiveness by the HEFCE Audit Service. The annual internal audit programme is approved by Council on the recommendation of Audit Committee. The Committee receives regular progress reports, including at the end of each year the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of internal control, with recommendations for improvement. The effectiveness of the system of internal control is also informed by the work of the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# Independent Auditors' Report to the Council of Goldsmiths' College

We have audited the financial statements of Goldsmiths' College for the year ended 31 July 2013 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body in accordance with the financial memorandum effective August 2012. Our audit work has been undertaken so that we might state to the Council of Goldsmiths' College (as governing body) those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the governing body and auditor**

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

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2013 and of its surplus for the year then ended;
- and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.



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

In our opinion:

- in all material respects, income from the Higher Education Funding Council for England and the National College for Teaching and Leadership (formerly the Teaching Agency and previously the Training and Development Agency for Schools), grants, and income for specific purposes and from other restricted funds administered by the College during the year ended 31 July 2013 have been applied for the purposes for which they were received;

and

- in all material respects, income during the year ended 31 July 2013 has been applied in accordance with the College's statutes and, where appropriate, with the financial memorandum with the funding council and the funding agreement National College for Teaching and Leadership (formerly the Teaching Agency and previously the Training and Development Agency for Schools).

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

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

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

**Deloitte LLP**

Chartered Accountants and Statutory Auditor  
St Albans  
29 November 2013

# Income and Expenditure account

for the year ended 31 July 2013

	Note	2013	2012
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	21,469	28,458
Tuition fees and support grants	3	50,344	38,063
Research grants and contracts	4	4,953	5,419
Other operating income	5	13,880	10,680
Endowment and investment income	6	220	282
<b>Total Income</b>		<b>90,866</b>	<b>82,902</b>
<b>EXPENDITURE</b>			
Staff costs	7	50,822	50,010
Other operating expenses	9	28,628	23,886
Depreciation of tangible fixed assets	12	5,103	5,036
Interest and other finance costs	10	2,155	2,246
<b>Total Expenditure</b>		<b>86,708</b>	<b>81,178</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before taxation</b>		<b>4,158</b>	<b>1,724</b>
Taxation	11	0	0
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation</b>		<b>4,158</b>	<b>1,724</b>
Transfer (to)/from accumulated income within specific endowments	20	0	15
<b>Surplus for the year retained within general reserves</b>		<b>4,158</b>	<b>1,739</b>
<b>NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS for the year ended 31 July 2013</b>			
	Note	2013	2012
		£'000	£'000
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation</b>		<b>4,158</b>	<b>1,724</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	22	792	794
<b>Historical cost surplus for the period after taxation</b>		<b>4,950</b>	<b>2,518</b>
None of the College's major activities were acquired or discontinued during the above financial years			

The notes on pages 28 to 47 form part of the financial statements

# Statement of Total Recognised Gains and Losses

for the year ended 31 July 2013

	Note	2013	2012
		£'000	£'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and taxation		4,158	1,724
Appreciation of endowment asset investments	20	37	58
New endowment funds	20	22	79
Release from revaluation reserve on disposal of fixed assets	22	(57)	0
Actuarial (loss) / gain recognised in pension scheme	30	3,273	(5,311)
<b>Total recognised (losses) / gains relating to the year</b>		<b>7,433</b>	<b>(3,450)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		28,747	32,197
Total recognised (losses) / gains for the year		7,433	(3,450)
<b>Closing reserves and endowments</b>		<b>36,180</b>	<b>28,747</b>

*The notes on pages 28 to 47 form part of the financial statements*

# Balance Sheet

 at 31 July 2013

	Note	2013	2012
		£'000	£'000
<b>Fixed Assets</b>			
Tangible assets	12	88,841	87,944
Investments	13	28	28
		<u>88,869</u>	<u>87,972</u>
<b>Endowment Assets</b>	<b>14</b>	<b>2,521</b>	<b>2,462</b>
<b>Current Assets</b>			
Debtors	15	4,929	6,286
Investments - cash deposits	13	16,100	11,100
Cash at bank and in hand	29	17,192	16,131
		<u>38,221</u>	<u>33,517</u>
Less: Creditors - amounts falling due within one year	16	(17,516)	(15,691)
<b>Net current assets</b>		<b>20,705</b>	<b>17,826</b>
<b>Total assets less current liabilities</b>		<b>112,095</b>	<b>108,260</b>
Less: Creditors - amounts falling due after more than one year	17	(25,396)	(26,456)
Less: Provisions for liabilities	18	(8,412)	(7,564)
<b>Total net assets excluding pension liability</b>		<b>78,287</b>	<b>74,240</b>
Net pension liability	30	(15,689)	(18,367)
<b>TOTAL NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>62,598</b>	<b>55,873</b>
<b>Represented by:</b>			
<b>Deferred capital grants</b>	<b>19</b>	<b>26,418</b>	<b>27,125</b>
<b>Endowments</b>			
Expendable	20	358	362
Permanent	20	2,163	2,100
		<u>2,521</u>	<u>2,462</u>
<b>Reserves</b>			
Income and expenditure account excluding pension reserve		27,762	22,218
Pension reserve		(15,689)	(18,367)
<b>Income and expenditure account including pension re:</b>	<b>21</b>	<b>12,073</b>	<b>3,851</b>
Revaluation reserve	22	21,586	22,435
		<u>33,659</u>	<u>26,286</u>
<b>TOTAL FUNDS</b>		<b>62,598</b>	<b>55,873</b>

The financial statements on pages 24 to 47 were approved by the Council on 28 November 2013 and signed on its behalf by:

Baroness Morris of Yardley  
Chair of Council

Patrick Loughrey  
Warden

# Cash Flow Statement

for the year ended 31 July 2013

	Note	2013	2012
		£'000	£'000
Net cash inflow from operating activities	25	14,127	6,505
Returns on investments and servicing of finance	26	(1,527)	(1,522)
Capital expenditure and financial investment	27	(5,336)	(4,438)
Management of liquid resources - movement in current asset investments	29	5,000	1,900
Financing	28	(967)	(677)
<b>Change in cash in the period</b>		<b>11,297</b>	<b>1,768</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Change in cash in the period</b>		<b>11,297</b>	<b>1,768</b>
Management of liquid resources - movement in current asset investments	29	(5,000)	(1,900)
Reduction / (increase) in loans	28	967	677
<b>Change in net funds</b>		<b>7,264</b>	<b>545</b>
Opening net funds / (debt) at 1 August		1,255	710
<b>Closing net funds at 31 July</b>	29	<b>8,519</b>	<b>1,255</b>

The notes on pages 28 to 47 form part of the financial statements

# Notes to the Accounts

## 1. Principal accounting policies

### Scope of the financial statements

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

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

### Basis of preparation

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

### Going concern

These financial statements have been produced on a going concern basis as described in more detail in the Operating and Financial Review and in the Statement of Corporate Governance and Internal Control.

### Basis of consolidation

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

### Income recognition

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

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as

expenditure and not deducted from income.

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

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants, and an annual transfer is made to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

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

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the

restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

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

#### **Agency arrangements**

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

#### **Leases and hire purchase contracts**

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

#### **Taxation**

The College is an educational charity incorporated under a Royal Charter granted on 1 January 1990. It is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or gains received within

categories covered by Section 505 of ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

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

#### **Repairs and maintenance**

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

#### **Investments**

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

#### **Tangible Fixed Assets**

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

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

useful lives as indicated in the depreciation table below.

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

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

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

<b>Land and Buildings</b>	<b>Per Annum</b>
Freehold Land	NIL
Buildings (long-term)	2.5%
Buildings (long-term refurbishments)	5%
Buildings (short-term refurbishments)	10%
Leasehold Asset held under finance lease	4%

<b>Other Assets</b>	<b>Per Annum</b>
Library stacks	10%
Administrative computer systems	20%
Other plant and equipment	33.33%
Art works and artefacts	NIL

**Cash flows and liquid resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are

repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise current asset investments held as readily disposable stores of value. They include government securities and loan stock held as part of the College’s treasury management activities. Short-term deposits are treated as liquid resources and classified as current asset investments provided that they are readily convertible into known amounts of cash at or close to their carrying amounts and that their maturity date is within 12 months of the year end.

**Foreign currency translations**

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

**Accounting for charitable donations: unrestricted donations**

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

**Endowment funds**

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

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



an income stream to be applied to a particular objective.

**Pensions**

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

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

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

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

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

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

**Provisions**

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

## 2. Funding body grants

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Higher Education Funding Council for England	18,753	23,235
National College for Teaching and Leadership	332	2,879
<b>Specific grants</b>		
Higher Education Funding Council for England	711	936
National College for Teaching and Leadership	259	64
<b>Deferred capital grants released in year</b>		
Buildings (note 19)	1,402	1,332
Equipment (note 19)	12	12
	<b>21,469</b>	<b>28,458</b>

The National College for Teaching and Leadership (NCTL) took over responsibility for teacher training activities from 1 April 2013 from the Teaching Agency (formerly the Training and Development Agency for Schools [TDA]).

## 3. Tuition fees and support grants

Full-time Home and EU student fees	29,878	20,156
International student fees	17,071	14,764
Part-time student fees	2,888	2,516
Short course fees	475	583
Research training support grants	32	44
	<b>50,344</b>	<b>38,063</b>

## 4. Research grants and contracts

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Research Councils	1,364	2,127
UK-based charities	333	376
Other grants and contracts	3,256	2,916
	<b>4,953</b>	<b>5,419</b>

## 5. Other operating income

Residences, catering and conferences	8,304	7,207
Other services rendered	2,853	1,916
Profit on disposal of fixed assets (note 12)	782	0
Other income	1,941	1,557
	<b>13,880</b>	<b>10,680</b>

## 6. Endowment and investment income

Income from expendable endowments (note 20)	7	3
Income from permanent endowments (note 20)	33	41
Other interest receivable	180	238
	<b>220</b>	<b>282</b>

## 7. Staff costs

	2013	2012
The average weekly number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents, was:		
	<b>Number</b>	<b>Number</b>
Teaching and research	456	411
Administrative and other	423	461
	<u>879</u>	<u>872</u>
	<b>£'000</b>	<b>£'000</b>
Salaries and wages	41,431	41,047
Social security costs	3,154	3,179
Other pension costs	5,705	5,315
Restructuring costs	532	469
	<u>50,822</u>	<u>50,010</u>
Academic departments	30,247	30,792
Academic services	3,892	3,579
Research grants and contracts	2,742	2,947
Residences, catering and conferences	743	761
Premises	1,927	1,957
Administration	8,874	7,950
General educational	1,500	1,346
Other services rendered	488	485
Other	409	193
	<u>50,822</u>	<u>50,010</u>

## 8. Senior staff remuneration

The emoluments of the Warden's post were:		
Remuneration	225	206
USS pension contributions (paid at the same rates as for other academic staff)	36	33
	<u>261</u>	<u>239</u>
Remuneration of other higher paid staff, excluding employer's pension contributions, fall in the following bands:		
	<b>Number</b>	<b>Number</b>
£100,000-£109,999	3	-
£110,000-£119,999	1	-

## 9. Other operating expenses

	2013	2012
	£'000	£'000
Academic departments	3,221	2,990
Academic services	1,941	1,875
Research grants and contracts	1,164	1,167
Residences, catering and conferences	5,343	4,122
Premises	6,360	5,901
Administration	5,457	3,476
General educational	4,599	3,955
Other services rendered	543	400
<b>Total</b>	<b>28,628</b>	<b>23,886</b>
Other operating expenses include:		
External auditors' remuneration in respect of the audit of the Financial Statements	53	53
External auditors' remuneration in respect of other audit services	6	6
Internal auditors' remuneration in respect of audit services	102	99
Operating leases (property)	684	684
Council expenses	6	6

## 10. Interest and other finance costs

Loans not wholly repayable within five years	859	890
Finance leases	888	914
Net interest on LPFA pension scheme liabilities (note 30)	408	442
	<b>2,155</b>	<b>2,246</b>

## 11. Taxation

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

## 12. Tangible assets

	Land & Buildings Freehold	Assets held under finance leases	Fixtures Fittings & Equipment	Art Works	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Valuation/Cost</b>						
At 1 August 2012						
Valuation	44,350					44,350
Cost	72,755	11,884	8,509	23	1,196	94,367
Additions	1,974	284	428		3,379	6,065
Transfers	404	7	11		(422)	-
Disposals	(111)					(111)
<b>At 31 July 2013</b>						
Valuation	<b>44,350</b>					<b>44,350</b>
Cost	<b>75,022</b>	<b>12,175</b>	<b>8,948</b>	<b>23</b>	<b>4,153</b>	<b>100,321</b>
<b>Total Value (GBV)</b>	<b>119,372</b>	<b>12,175</b>	<b>8,948</b>	<b>23</b>	<b>4,153</b>	<b>144,671</b>
<b>Depreciation</b>						
At 1 August 2012	36,988	6,413	7,372	-	-	50,773
Charge for year	3,820	521	762			5,103
Disposals	(46)					(46)
<b>At 31 July 2013</b>	<b>40,762</b>	<b>6,934</b>	<b>8,134</b>	<b>-</b>	<b>-</b>	<b>55,830</b>
<b>Net Value (NBV)</b>						
<b>At 31 July 2013</b>	<b>78,610</b>	<b>5,241</b>	<b>814</b>	<b>23</b>	<b>4,153</b>	<b>88,841</b>
At 1 August 2012	80,117	5,471	1,137	23	1,196	87,944

A valuation of the College's land and buildings was made in 1994 and details of the method of valuation with the name and qualifications of the valuer are given in Accounting Policies (Note 1 to the Accounts). The historic cost of the properties valued in 1994 is £7.587m.

During the year, in accordance with the Estates Master Plan, the College sold two properties with a carrying net book value of £65,000, realising a profit on sale of £782,000, including the release from the Revaluation Reserve of £57,000.

## 13. Investments

<b>(i) Fixed Asset Investments</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
	28	28
<p>Fixed asset investments are shown at cost and represent 240 £1 shares in i2 Media Ltd. and 27,782 ordinary shares, fully paid, in CVCP Properties plc. CVCP Properties plc is an unquoted company and the shares are stated at cost. In Council's opinion, the market value of the investment is not materially different from the cost at the balance sheet date.</p> <p>The College has one subsidiary company, Pure Goldsmiths Ltd. This company was dormant at 31 July and at that date had no issued share capital.</p>		
<b>(ii) Current Asset Investments</b>		
Cash deposits maturing within one year	16,100	11,100

## 14. Endowment asset investments

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	2,462	2,340
Additions	22	63
Appreciation in market value	37	59
<b>Balance at 31 July</b>	<b>2,521</b>	<b>2,462</b>
Represented by:		
UK Equities	1,051	1,014
Cash balances	1,470	1,448
<b>Total</b>	<b>2,521</b>	<b>2,462</b>

## 15. Debtors

Amounts falling due within one year		
Student debtors	1,106	1,550
Other debtors	1,967	2,500
Prepayments and accrued income	1,856	2,236
	<b>4,929</b>	<b>6,286</b>

16. Creditors: amounts falling due within one year

Mortgages and unsecured loans	541	533
Obligations under finance leases	306	434
Trade creditors	5,708	4,125
Social security and other taxation payable	43	1,064
Accruals and deferred income	10,918	9,535
	<b>17,516</b>	<b>15,691</b>

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

Unsecured loans	16,578	17,119
Obligations under finance leases (note 23)	8,818	9,337
	<b>25,396</b>	<b>26,456</b>

A 30 year loan for £6.85m from Lloyds TSB plc was taken out in December 2006. A further advance of £2.15 million was made in June 2009 to part finance the construction of the New Academic Building. The term of this loan is 28 years.

A 30 year loan from RBS of £10 million was taken out in December 2009 to part finance the construction of the New Academic Building. £5 million of this loan was drawn down during 2009-10 and a further £5 million was drawn down during 2010-11.

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



## 18. Provisions for liabilities

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 August	7,564	6,173
Utilised in year	(26)	(384)
Charged to the Income and Expenditure Account	874	1,775
<b>Balance at 31 July</b>	<b>8,412</b>	<b>7,564</b>

The majority of this provision is to cover the cost of transferring hourly paid staff to fractional posts, with the remainder mainly relating to costs associated with departmental restructuring. Although some back pay has been paid early in 2013-14 it is likely that only part of the provision can be utilised or released in the 2013-14 financial year as it may take some time to resolve all claims arising from the changes in grading and working hours.

## 19. Deferred capital grants

<b>Balance at 1 August</b>		
Buildings	27,089	27,723
Equipment	36	48
<b>Total at 1 August</b>	<b>27,125</b>	<b>27,771</b>
<b>Cash received in year</b>		
Buildings	707	698
Equipment	0	0
<b>Total received</b>	<b>707</b>	<b>698</b>
<b>Released to Income and Expenditure Account</b>		
Buildings depreciation (note 2)	1,402	1,332
Equipment depreciation (note 2)	12	12
<b>Total released</b>	<b>1,414</b>	<b>1,344</b>
<b>Balance at 31 July</b>		
Buildings	26,394	27,090
Equipment	24	36
<b>Total at 31 July</b>	<b>26,418</b>	<b>27,126</b>

## 20. Endowments

			2013	2012
	Restricted Expendable £'000	Restricted Permanent £'000	Restricted Total £'000	Restricted Total £'000
<b>Balance at 1 August</b>				
Capital	304	1,916	2,220	2,181
Accumulated income	59	183	242	159
	<b>363</b>	<b>2,099</b>	<b>2,462</b>	<b>2,340</b>
Income for year (note 6)	7	33	40	44
Expenditure	(33)	(7)	(40)	(59)
New funds	22	0	22	79
Increase/(Decrease) in market value of investments	0	37	37	58
<b>Balance at 31 July</b>	<b>359</b>	<b>2,162</b>	<b>2,521</b>	<b>2,462</b>
<b>Represented by:</b>				
Capital			2,257	2,220
Accumulated income			264	242
<b>Total</b>			<b>2,521</b>	<b>2,462</b>

## 21. Income and expenditure account

Balance at 1 August	3,851	6,628
Release from revaluation reserve (note 22)	792	795
Surplus after depreciation of assets at valuation and tax	4,158	1,739
Actuarial gain / (loss) on LPFA pension scheme (note 30)	3,273	(5,311)
<b>Balance at 31 July</b>	<b>12,073</b>	<b>3,851</b>

## 22. Revaluation reserve

Land and buildings at 1 August	22,435	23,229
Release relating to fixed asset disposals (note 12)	(57)	0
Contributions to depreciation (note 21)	(792)	(794)
<b>As at 31 July</b>	<b>21,586</b>	<b>22,435</b>

## 23. Lease obligations

	2013	2012
	£'000	£'000
<b>Obligations under finance leases fall due as follows:</b>		
Between two and five years	3,128	2,685
Over five years	5,690	6,652
<b>Total over one year (note 17)</b>	<b>8,818</b>	<b>9,337</b>
Within one year	306	228
<b>Total</b>	<b>9,124</b>	<b>9,565</b>
<b>Operating lease commitments for the forthcoming financial year are as follows:</b>		
Land and Buildings - leases expiring after 5 years	684	684
	<b>684</b>	<b>684</b>

## 24. Capital commitments and contingent liabilities

Capital commitments contracted as at 31 July	1,700	1,119
Capital expenditure authorised but not contracted as at 31 July	1,935	5,014
	<b>3,635</b>	<b>6,133</b>

## 25. Reconciliation of operating surplus to net cash

Surplus before tax on continuing activities	4,158	1,739
Pension costs less contributions payable	602	415
Depreciation (note 12)	5,103	5,036
Contribution to depreciation from capital grants (note 2)	(1,414)	(1,344)
Endowment and Investment income (note 6)	(220)	(282)
Loan interest paid (note 10)	1,747	1,804
Decrease/(increase) in debtors	1,357	(526)
Increase/(decrease) in creditors	1,946	(1,728)
Increase in provisions	848	1,391
<b>Net cash inflow from operating activities</b>	<b>14,127</b>	<b>6,505</b>

## 26. Returns on investments and servicing of finance

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Income from endowments and specific funds (note 6)	40	44
Other interest receivable (note 6)	180	238
Interest paid (note 10)	(1,747)	(1,804)
	<b>(1,527)</b>	<b>(1,522)</b>

## 27. Capital expenditure and financial investments

Payments to acquire tangible fixed assets (note 12)	(6,065)	(5,200)
Deferred capital grants received (note 19)	707	698
Endowment and specific fund additions and income (note 14)	22	64
	<b>(5,336)</b>	<b>(4,438)</b>

## 28. Financing

Existing loans capital repayments	(533)	(526)
Capital element of finance lease repayment	(434)	(151)
	<b>(967)</b>	<b>(677)</b>

## 29. Analysis of changes in net debt

	<b>At 1 August 2012 £'000</b>	<b>Cash Flow £'000</b>	<b>Other Changes £'000</b>	<b>£'000</b>	<b>At 31 July 2013 £'000</b>
Cash at bank and in hand			0		
Endowment Asset Investment	1,448	22			1,470
Other Cash	16,130	1,062			17,192
Current Asset Investments (note 13)	11,100	5,000			16,100
Debts due within one year	(967)	967	(847)		(847)
Debts due after more than one year	(26,456)	213	847		(25,396)
	<b>1,255</b>	<b>7,264</b>	<b>(0)</b>		<b>8,519</b>

### 30. Pension schemes

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

#### **Universities Superannuation Scheme**

USS is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2013, the College had 692 active members participating in the scheme.

Employer contributions to the USS are determined by the trustee on the advice of the scheme actuary. The employer's contribution rate was increased from 14 to 16 per cent on 1 October 2009 based on the triennial actuarial valuation carried out as at 31 March 2008. The latest formal triennial actuarial valuation was performed as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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

With effect from 1 October 2011, new joiners to the scheme have joined the new career revalued benefits section rather than the final salary section. In the long term, this change will have an impact, expected to be positive, on the future funding levels.

At 31 March 2013 the actuary has estimated that the funding level under the scheme had fallen from 77% at 31 March 2012 to 72% (equivalent to a scheme-wide deficit of £9.8 billion). The deterioration in performance was largely attributed to the reduction in yields on UK government bonds, leading to the discounting of expected future cash flows. The trustee board has opted not to call for an immediate increase in employer's contributions to the scheme but will keep the position under review. The medium-term recovery plan envisages employer's contributions potentially rising by 2 percentage points from 1 April 2017. The employee's contribution rate for the final salary section of the scheme increased to 7.5%. The estimated employer's contributions for 2013-14 are expected to be £4.3m.

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

#### **London Pensions Fund Authority Local Government Pensions Scheme**

The London Pensions Fund Authority 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 2010, with the next formal valuation due as at 31 March 2013, but not due to be published by the scheme's actuaries until March 2014. In accordance with Financial Reporting Standard ('FRS') 17, the actuarial valuation at 31 March 2010 has been reviewed and updated by the scheme's actuaries as at 31 July 2013 based upon the annual financial assumptions shown below.

30. Pension schemes *continued*

**London Pensions Fund Authority Local Government Pensions Scheme *continued***

The assumed life expectations from age 65 are:					
				<b>Males</b>	<b>Females</b>
Retiring today				20.3	23.6
Retiring in 20 years				22.3	25.5
				<b>2013</b>	<b>2012</b>
RPI increases				3.4%	2.6%
CPI increases				2.6%	1.8%
Salary increases				4.3%	3.5%
Pension increases				2.6%	1.8%
Discount rate				4.7%	3.9%
The employer's pension fund assets and expected rate of return as at 31 July are as follows:					
	<b>Expected rate of return:</b>			<b>Fair value as at:</b>	
	<b>2013</b>	<b>2012</b>		<b>2013</b>	<b>2012</b>
	<b>% per annum</b>	<b>% per annum</b>		<b>£'000</b>	<b>£'000</b>
Equities	6.4%	5.6%		13,840	17,482
Target return portfolio	4.9%	4.3%		8,539	2,462
Alternative assets	5.4%	4.6%		2,356	3,940
Cash	0.5%	0.5%		294	739
Cashflow Matching	3.4%	n/a		4,417	0
<b>Total expected return (weighted average)</b>	<b>5.4%</b>	<b>5.2%</b>	<b>Total</b>	<b>29,446</b>	<b>24,623</b>
The following results were measured in accordance with the requirements of FRS17, based on the assumptions summarised above:					
	<b>Present value of</b>		<b>Fair value of scheme</b>		<b>Net liability</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening	(42,990)	(37,603)	24,623	24,962	(18,367)
Expected return on assets			1,275	1,535	1,275
Current service cost	(1,266)	(1,035)			(1,266)
Interest cost	(1,683)	(1,977)			(1,683)
Actuarial gain/(loss)	(104)	(4,063)	3,377	(1,248)	3,273
Contributions by employer			1,060	1,103	1,060
Contributions - unfunded benefits			26	24	26
Impact of settlements and curtailments	(7)	(65)			(7)
Estimated benefits paid	1,256	2,103	(1,282)	(2,127)	(26)
Contributions by members	(367)	(374)	367	374	
Estimated unfunded benefits paid	26	24			26
<b>Closing defined benefit obligation</b>	<b>(45,135)</b>	<b>(42,990)</b>	<b>29,446</b>	<b>24,623</b>	<b>(15,689)</b>

30. Pension schemes *continued*

London Pensions Fund Authority Local Government Pensions Scheme *continued*

<b>Amounts for Current and Previous Periods</b>						
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Defined benefit obligation (present value of scheme liabilities)	(45,135)	(42,990)	(37,603)	(37,402)	(34,902)	
Fair value of scheme assets	29,446	24,623	24,962	22,773	19,798	
<b>Surplus/(deficit)</b>	<b>(15,689)</b>	<b>(18,367)</b>	<b>(12,641)</b>	<b>(14,629)</b>	<b>(15,104)</b>	
<b>Analysis of the amount charged to staff costs within the operating surplus</b>				<b>2013</b>	<b>2012</b>	
				<b>£'000</b>	<b>£'000</b>	
Current service cost					1,266	1,035
Past service cost					0	0
Curtailments and settlements					7	65
<b>Total operating charge</b>					<b>1,273</b>	<b>1,100</b>
<b>Analysis of the amount charged to interest payable</b>						
Expected return on pension scheme assets					1,275	1,535
Interest on pension scheme liabilities					(1,683)	(1,977)
<b>Net charge</b>					<b>(408)</b>	<b>(442)</b>
<b>Projected pension expenses for the year to 31 July 2014</b>						
Service cost					1,269	
Interest on pension scheme liabilities					2,130	
Return on assets					(1,587)	
<b>Net charge</b>					<b>1,812</b>	
Employer contributions					1,103	
<b>Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)</b>						
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Cumulative actuarial gains/(losses) at 1 August	(7,301)	(1,990)	(4,509)	(5,636)	566	
Actuarial (losses)/gains recognised in STRGL	3,273	(5,311)	2,519	1,127	(6,202)	
<b>Cumulative actuarial (losses)/gains at 31 July</b>	<b>(4,028)</b>	<b>(7,301)</b>	<b>(1,990)</b>	<b>(4,509)</b>	<b>(5,636)</b>	
The College's contribution for non-academic staff as a percentage of pensionable salaries was 19.8% from April 2008. The pension charge for the year to 31 July 2013 was £1,086k (2012:£1,127k).						

### 31. Related party transactions

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

Members of the College Council (who are trustees of the exempt charity) do not receive any remuneration. Expenses reimbursed to Council members totalled £6,000 (2012: £6,000) as disclosed in Note 9 above.

The President of Goldsmiths Students' Union is a trustee of both the College and Goldsmiths Students' Union and therefore the two entities are related parties. In 2012-13 the College provided the Students' Union with a grant of £0.6m (2011-12: £0.6m). It also provided postage and telephony services and some small items of equipment at cost. In addition, the College provides accommodation, payroll and pensions administration services and use of the IT network to the Students' Union free of charge, at an estimated cost in 2012-13 of £0.3m.

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

### 32. Access Funds

	2013	2012
	£'000	£'000
Summary of transactions for the year ended 31 July		
Balance at 1 August	37	32
HEFCE grant received	140	152
Interest earned	0	0
Disbursed to students and administration	(153)	(150)
<b>Balance at 31 July</b>	<b>24</b>	<b>34</b>
Funding Council grants are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.		



## 33. Initial Teacher Training Bursaries

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Summary of transactions for the year ended 31 July		
Balance at 1 August	(23)	316
Grant received	2,680	615
Payments to trainees in the year	(2,676)	(954)
<b>Balance at 31 July</b>	<b>(19)</b>	<b>(23)</b>
Initial Teacher Training Bursaries are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.		

## 34. Teacher Training Subject Knowledge Enhancement

Summary of transactions for the year ended 31 July		
Balance at 1 August	0	2
Grant received	126	0
Grant clawed back	(50)	(2)
Payments to trainees	(12)	0
<b>Balance at 31 July</b>	<b>64</b>	<b>0</b>
Teacher Training payments are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.		

## 35. Student Associates Scheme

Summary of transactions for the year ended 31 July		
Balance at 1 August	(70)	(70)
Grant received	0	7
Potential clawback	0	0
Expenditure	0	(7)
<b>Balance at 31 July</b>	<b>(70)</b>	<b>(70)</b>
Teacher Training payments are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.		

